Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	Fr 38	Japan	Y550	Singapore	S$4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 100
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Kr 7.25	Lebanon	L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	Lfr 38	Switzerland	Sfr 2.00
Finland	Fmk 5.50	Malaysia	Rm 4.25	Taiwan	NT$85
France	Fr 6.00	Mexico	Pes 300	Tunisia	Din 0.500
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 180
Greece	Dr 60	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$12	Norway	Kr 8.00	U.S.A.	$1.50
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,461 — Tuesday October 30 1984 — D 8523 B

Australia rushes overseas for resources, Page 12

NEWS SUMMARY

GENERAL

Student unrest on West Bank

Israeli soldiers fired tear gas at demonstrating students at Bethlehem university as tension rose on the West Bank in the wake of Sunday's rocket attack on an Arab bus, which left one Palestinian dead and ten injured.

The fierce confrontation overshadowed talks between Sir Geoffrey Howe, the British Foreign Secretary, and Israeli leaders, during which Mr Shimon Peres, Israel's Prime Minister, rejected a role for the Palestinian Liberation Organisation in peace talks and British disapproval of Israeli West Bank settlements.

Egypt's President Hosni Mubarak, on a visit to Paris, said any Arab move towards a settlement of the Middle East conflict would have to wait until after the U.S. presidential election. Page 3, 4

Divers seek priest

Polish police divers searched the River Vistula and a reservoir for the body of pro-Solidarity priest Father Jerzy Popieluszko, who was kidnapped by three security officials. Page 3

Turks ease laws

Turkish martial law authorities announced the lifting of restrictions on strikes, lockouts and layoffs, imposed after the 1980 military coup, in major cities including Ankara and Istanbul.

Threat to ships

The Lebanese army said it would sink any ship defying a ban on eight illegal ports that are said to be draining state revenues of about 3bn Lebanese pounds ($375m) a year.

126 missing

Coastguards reported that 126 people were missing after a Philippine passenger and cargo vessel with nearly 250 people aboard sank in bad weather.

Sweets blow

Morinaga, the Japanese confectionery company plagued by a gang lacing its products with cyanide, is to cut production by 90 per cent next month. It expects sales to fall 70 per cent in November compared with last year.

Airlift aid

After criticism by a top Ethiopian official, Britain might send at least two aircraft to famine-hit Ethiopia for three months to help with distribution of food, Government sources said. Page 4

Spoils of war

Two former British soldiers who served in the Falklands War were sentenced to 18 months in prison for attempting to sell captured Argentinian weapons. Police recovered four Argentine rifles and pistols, other weapons and Argentine bullets, which the four men were trying to sell for a total of $2,783.

Smugglers hanged

Thirty-three drug smugglers found guilty of handling 72,000 kg of narcotics were hanged in the east Iranian town of Zahedan.

'No petrol' warning

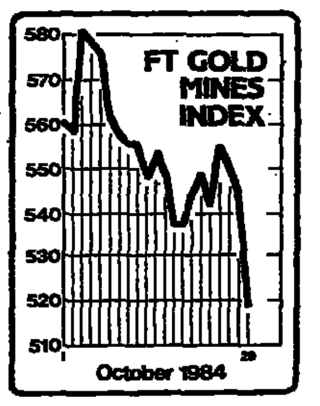
Iceland's oil companies said petrol stocks at the pumps would run out in two days after striking public sector workers blocked supplies from fuel depots.

BUSINESS

Reckitt in move to halt Kiwi meeting

RECKITT & COLMAN, the diversified UK group, is taking legal action in Melbourne today to postpone a crucial shareholders' meeting to decide the fate of the Australian group Nicholas Kiwi. Reckitt has bid U.S.$313m for Kiwi but has been locked in battle with the Chicago-based Consolidated Foods Corporation, which wants to buy the group's non-Australasian interests. Page 14

WALL STREET: Dow Jones industrial average closed 3.54 down at 1,201.41. Section III



GOLD fell $2 on the London bullion market to $335.75. It was also lower in Frankfurt at $336.825 and in Zurich at $336.25. Page 34

DOLLAR was firmer in London rising to DM 3.0725 (DM 3.0275), SwFr 2.521 (SwFr 2.487), FFr 9.4125 (FFr 9.33) and Y246.65 (Y245.35). On Bank of England figures, its trade-weighted index rose to 142.1 from 141.2. In New York it was DM 3.067, FFr 9.4075, SwFr 2.517 and Y246.55. Page 35

STERLING was on the whole weaker in London, falling 1.25 cents to $1.209. It also weakened to FFr 11.3775 (FFr 11.41) and Y297.25 (Y300.0), but rose to DM 3.715 (DM 3.705) and SwFr 3.0475 (SwFr 3.0425). Its exchange-rate index dropped to 74.9 from 75.1. In New York it was $1.2055. Page 35

FRANKFURT shares were unsettled by the Flick affair. The Commerzbank index shed 11.8 to 1,062.0. Section III

TOKYO stocks traded cautiously, but the Nikkei-Dow market average managed a 25.98 gain to 11,176.93. Section III

LONDON equities reversed early losses, taking the FT Industrial Ordinary index 5.0 higher to 878.2. Gilts also firmed. Section III

RAND fell to an historic low of 50 U.S. cents before the South African central bank stepped in to halt the drop. It closed in Johannesburg at 52.75 cents.

SALENINVEST, Sweden's biggest shipping group, has started talks with its main creditors in an attempt to delay repayments of about SKr 250m ($28.8m) on outstanding loans of about SKr 3.4bn. Page 14

FORD edged into the lead in West European car sales after nine months, with 21,500 registrations giving it a 13.1 per cent market share. Nearest rival Fiat had a 12.8 per cent share. Page 5

NOVA-PARK, the troubled Swiss hotel group which has been the subject of a battle between rival shareholder groups, is to be reorganised with the help of merchant bank Kleinwort Benson. Page 16

GEORGIA PACIFIC, the U.S. forest products group, reported sharply higher third-quarter earnings of $218m against $89m the previous year.

REGAL HOTELS, the heavily indebted Hong Kong group, is planning a rights issue and share sale expected to raise HK$400m (U.S.$51m) as the final stage of its rescue by Australian entrepreneur Bill Wylie. Page 17

Opinion polls back Reagan on the home stretch

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday entered the home stretch before next Tuesday's U.S. election buoyed by what looked like an unbeatable lead in the opinion polls.

With one week of campaigning to go, a flurry of new polls put his margin of victory over Mr Walter Mondale, the underdog Democratic challenger, at between 17 and 24 percentage points.

Mr Mondale, saying that he did not believe the poll figures, set out to barnstorm non-stop around the country for the final eight days in a desperate bid to stage a comeback on November 6.

Ms Geraldine Ferraro, his vice-presidential running mate, said in a national television interview: "It's do-able."

The pollsters pointed out, however, that Mr Reagan's lead was approaching the 26 per cent held by President Richard Nixon at this stage in 1972, before he overwhelmed his Democratic challenger, Mr George McGovern, by 23 per cent of the popular vote.

The polls were so favourable that the White House again felt obliged to caution Republican voters against over-confidence. Mr James Baker, the White House chief of staff, warned Reagan supporters not to assume that a landslide victory was "already in the bag" and said: "We don't take victory for granted."

Mr Reagan was campaigning in Pennsylvania and West Virginia yesterday, "running like he's one point behind", Mr Baker said. With 10 other states left on his list, however, Mr Reagan was concentrating equally on helping Republican candidates to maintain control of the Senate. Vice-President George Bush was assigned to Republican races for the House of Representatives.

Ms Ferraro claimed that the national polls did not reflect the intensity or the full strength of Democratic support in the most important states. She said that the Democrats would repeat the upset victory by Governor Mark White of Texas in 1982, who came from 12 points behind on the day before polling to win by six points.

Nevertheless, the latest survey by U.S. News and World Report showed Mr Reagan leading in 45 of the 50 states, and "on the way to a smashing victory."

A USA Today poll yesterday put Mr Reagan's lead at 23 points, down from 25 points in the same poll ten days previously.

Time magazine put Mr Reagan ahead by 24 points and Newsweek gave him a 17 point lead, as did the latest National Public Radio poll conducted by Louis Harris.

A new CBS-New York Times poll gave Mr Reagan an 18-point lead, up from 13 points earlier in the month.

The Mondale campaign opted to spend much of the remaining time focusing on basic campaign themes of arms control, human rights and the need to raise taxes to close the budget deficit.

It screened a five-minute national television commercial featuring young children, nuclear explosions and a red telephone hot-line, presenting the election as a referendum on arms control.

Mr Mondale drew some comfort from a series of strong endorsements from leading newspapers, including the New York Times and the Washington Post, both of which unenthusiastically backed President Jimmy Carter in his losing race against Mr Reagan in 1980.

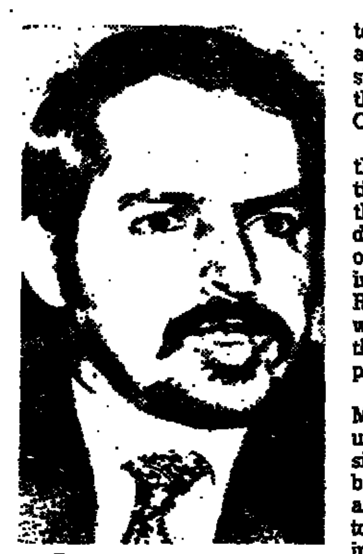
Opec allocations still a hurdle as need for output cut is agreed

BY RICHARD JOHNS IN GENEVA

THE CONFERENCE of the Organisation of Petroleum Exporting Countries agreed last night to lower the ceiling on their collective oil output to 16m barrels a day from the current output of about 17.5 million b/d.

Dr Subroto, Indonesia's Oil Minister, who chaired the meeting, said other issues remained to be resolved. He did not specify them but clearly one is the allocation of reduced quotas among the Opec members and another is the question of revised price differentials.

The United Arab Emirates' demand for an immediate revision of crude oil differentials could still complicate final agreement on the action required to defend Opec's present reference price of $29 a barrel in face of discounts now offered by Norway's Statoil company and price cuts proposed by the British National Oil Corporation.



Dr Mana Said al Otaiba

Nevertheless the general expectation among seasoned delegates in Geneva for Opec's emergency meeting was that settlement of the problem of price relativities, recognised as a major factor undermining the market and encouraging discounts, might be deferred until the end of the year.

A committee of experts appointed by the last Opec conference in July is supposed to complete proposals for a revision of differentials for submission to the next ordinary conference scheduled for December 7 in Geneva.

Deferment until then could prompt the UAE to take unilateral action by trimming the official selling rate for Abu Dhabi Murban crude by about 50 cents from the existing level of $29.56. It had planned to do this before the present crisis was precipitated by Statoil's offer of a $1.35 discount to its customers.

Dr Mana Said al Otaiba, United Arab Emirates' Minister of Oil, was once again adamant that the differentials should be narrowed now as part of a deal. Abu Dhabi could not wait until the price of heavy crude was raised, he told the CBS TV network in an interview yesterday.

Saudi Arabia has set its face against a revision of differentials for the time being, having given itself a big advantage in the market by increasing the proportion of Arabian Heavy crude from 20 per cent to 35 per cent in its export packages. This move is regarded as a significant factor in destabilising the market since the beginning of October.

At the opening session yesterday there was much verbal recrimination. Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, came under attack, not the least on account of his Government's oil barter deal involving the purchase of Rolls-Royce-powered Boeing 747s, which was largely responsible for shaking the market and depressing spot prices in mid-summer.

Dr Tam David-West, the Nigerian Minister of Oil, also found himself under fire because of Lagos' decision to reduce prices by $1 to $2 a barrel in response to the British and Norwegian moves. He refused to make any pledge about rescinding the price cuts but stressed his country's devotion and solidarity to Opec, as well as reading a letter of explanation from President Buhari of Nigeria.

Sheikh Yamani told reporters that the collective cut in output should be made from the 17.5m b/d ceiling set in March 1983, one frequently exceeded in practice. Subsequently yesterday, the price paid for Brent Blend, the North Sea reference crude, slipped from $28.12 to $27.90.

Traders saw this as a clear indication that more decisive action by Opec is required if the necessary psychological boost to the market is to be provided.

Continued on Page 14

UK onshore discovery, Page 6

UK coal board split exposes growing tension

BY JOHN LLOYD AND PETER RIDDELL IN LONDON

THE INTERNAL tensions within Britain's National Coal Board (NCB) over the miners' strike were exposed yesterday when Mr Ian MacGregor, the board's chairman, told Mr Michael Eaton, recently appointed to the NCB's key communications role, to cancel all his media engagements.

At the same time, the independent conciliation and arbitration service, Acas, announced that talks between the NCB and the NUM to try to settle the 34-week strike over planned pit closures, would resume tomorrow.

The silence announcement came as just as much a surprise to Mr Eaton, and to the Government, as had his appointment.

It is understood that Mr Eaton owes his extraordinary position as an incommunicado communicator to a bitter disagreement within the board over his appointment and the scope of his duties.

Mr James Cowan, the deputy chairman, and Mr Merrick Spanton, board member for personnel, had both threatened to resign on Monday last week if Mr Eaton – as he expected – accompanied the NCB negotiating team to talks on the dispute with the pit supervisors' union Nacods. The talks, last Tuesday, led to a settlement of the Nacods dispute.

It is though likely that Mr Cowan's and Mr Spanton's continued hostility to Mr Eaton's presence lies behind his silencing.

Two different reasons were given for it. The first, from MacGregor, was said to be because of the "extraordinary developments" over the weekend.

This was a reference to the disclosure that Mr Roger Windsor, the NUM's chief executive, had visited Libya last week to meet union leaders and Colonel Muammer Gadaffi, the leader of the regime.

The visit has been condemned by, among others, Mr Neil Kinnock, leader of the UK opposition Labour Party, and Mr Norman Willis, general secretary of the Trades Union Congress.

The second reason for Mr Eaton's silence was given by Mr Eaton himself. He said that "in the light of the forthcoming talks (with the NUM) the board will not make any statements until after the discussions."

The incident, although trivial enough in itself, is seen by ministers and others as an indication of the confusion and tension which presently surrounds top-level board decisions.

Many senior executives are showing a loss of confidence in Mr MacGregor and Mr Cowan, who together constitute the "office of the chief executive." The cause is not the board's policy of seeking to reduce capacity and close uneconomic pits, but the public presentation of its case, its style and internal relationships.

Mr Peter Walker, the Energy Secretary, told the House of Commons yesterday that he had confirmed that Mr Eaton "happily remains at his duties and very much agrees that it was perfectly right to cancel certain press engagements while the board examined the position following the disclosures at the weekend."

Continued on Page 14

A long week at the coal board, Page 8

W. German Greens given boost in polls

By Peter Bruce in Bonn

WEST GERMANY'S radical Greens Party appears to have made an impressive show of force in local elections in Baden-Württemberg, according to early returns from Sunday's poll.

Most of the gains are at the expense of the Free Democrats (FDP), the junior partner in the Bonn coalition.

In a low poll, however, all the traditional parties appear to have lost ground in what is being seen as the first major test of public opinion since the Flick affair claimed its second major political victim, Bundestag president Rainer Barzel, last week.

The complicated vote, with voters in some large cities like Stuttgart being asked to make up to 60 separate choices, means that final results will probably not be known until Friday. The Greens seem likely to take about 7 per cent of the vote across the state and up to 11 per cent in the cities.

The FDP, which suffered a similar fate at the hands of the Greens in the local elections in North Rhine-Westphalia earlier this month, could see its state vote fall to below 5 per cent in Baden-Württemberg, traditionally a Liberal stronghold.

The FDP, which took 5.3 per cent of the vote in the last local elections in 1980, is believed to have slumped from 7.3 per cent to 2.5 per cent in Heidelberg this time and from 9.6 per cent to 7.1 per cent in Stuttgart.

The Christian Democrats, however, will have little trouble retaining overall domination within the state, although their vote also appears to have fallen 3 per cent to about 37 per cent.

The Social Democrat vote is likely to fall below 30 per cent, although in the absence of a Green slate, the Bonn opposition has scored significant gains in Mutlangen, where the Government has allowed the U.S. to station Pershing 2 nuclear missiles.

The Flick payments scandal, which forced the resignations of Herr Barzel and Count Otto Lambsdorff, the former economics minister, continued to rumble on over the weekend, with reports that Chancellor Helmut Kohl had accepted money from the Flick industrial empire.

Chancellor Kohl, who is due to appear before the parliamentary committee taking evidence on the Flick payments next week, is seeking a full Bundestag debate

A spokesman for the Chancellor said yesterday that the debate would probably be held in November.

Stock markets, Section III

French banks give cautious welcome to easier loan rules

BY DAVID MARSH IN PARIS

THE FRENCH Government is to allow banks greater competitive leeway in their lending activities next year, after the 12-year-old *encadrement* system of credit ceilings is phased out at the end of 1984.

The move to scrap the system, which has become increasingly cumbersome and ineffective and has run into growing criticism from the Bank of France, was given a cautious welcome by the banking community.

Under a new regulatory mechanism based on depositing of bank reserves at the Bank of France, however, the Government will maintain tight control in a bid to keep money supply growth next year down to around the planned 5 per cent inflation rate.

This was made clear yesterday by M Pierre Beregovoy, the Finance Minister, who said the ending of credit ceilings was part of a bid to give "more responsibility and freedom" to the mainly nationalised banking sector. He hoped it would prepare the way for cuts in interest rates next year.

In particular, the new system will allow banks to increase their lending potential in direct line with improvements in their capital resources. This forms part of a general move by the Government to encourage banks to boost their capital backing, which is well below international norms.

Banks are, however, still in considerable doubt over the extent to which the new arrangements will increase their freedom of action. One leading banker at a top French nationalised bank said yesterday: "I don't expect there will be much difference."

Talks between M Daniel Lebegue, the director of the Treasury, M Renaud de la Geniere, Governor of the Bank of France, and representatives of the banks, are to start tomorrow to flesh out details of the system.

M Jean Dromer, chairman of the French Banking Association, who was among leading bankers to have a preliminary meeting with M Beregovoy yesterday, said that the general principles of the measures seemed "positive" but a fuller assessment would have to wait until the "rules of the game" were spelled out.

M Beregovoy said the new system would be intermediary between the previous scheme of setting quantified norms and arrangements in force in the U.S. and Britain, allowing loan expansion to be dictated purely by movements of interest rates.

The 4 to 6 per cent growth target for the M2 money supply next year represents a tightening compared with this year's target of between 5.5 and 6.5 per cent. Figures just issued for the first six months of the year indicate that growth is on target so far.

In spite of very severe *encadrement* levels, most banks this year have been operating well within their ceilings. This reflects slack loan demand caused by the sluggish economy, increased corporate liquidity and greater funding on the financial markets.

CONTENTS

EUROPEAN NEWS

European integration to dominate summit

BY RUPERT CORNWELL IN BONN

CHANCELLOR Helmut Kohl of West Germany and President François Mitterrand of France last night began their two-day summit meeting, expected to be dominated by the broad issue of giving new impetus towards European integration.

Both heads of state were accompanied by a large team of ministers including those of defence and foreign affairs, at the talks which are being held in the Rhineland Palatinate spa of Bad Kreuznach.

Both leaders are convinced that ever-closer co-operation leading to what is sometimes referred to in Bonn as "union" between them is essential if the EEC is to be developed further.

Progress at a practical level, however, has been limited so far. The talks this time will probably devote much time to space collaboration projects on which, for budgetary reasons, Bonn has been slow in making up its mind.

But Chancellor Kohl is understood to have taken advantage of the occasion to insist once again on the need for a speedy conclusion of entry negotiations to enlarge the EEC by bringing in Spain and Portugal as new members.

The UK and West Germany are arguing again about pollution, writes **Rupert Cornwell**

Ecologists eye North Sea rubbish dump

ARE BRITAIN and West Germany heading for a second dust-up over the environment within barely four months? Outwardly at least, the stage seems to be nicely set for one at a special conference on the protection of the North Sea which opens in Bremen today.

The gathering will be attended by the Environment Ministers of France, Belgium, the Netherlands, Denmark, West Germany, Britain, Norway and Sweden, the eight countries directly involved. Bremen will be to the North Sea what the East-West conference on airborne pollution in Munich last June was to acid rain and trees.

The line-up is strongly reminiscent of, if not entirely similar to, that of Munich. At one extreme there is an environment-obsessed Bonn Government, goaded by its dying forests and the remorseless political advance of the Greens, with the Netherlands in close support.

Relaxed

On the other lies a notably more relaxed Britain, though this time with varying degrees of support from countries like Norway and Belgium.

At issue is a deceptively simple question: how to guarantee the ecological survival of one of the world's busiest seas, today a priceless source of food, energy, and holiday relaxation as well as being—in the words of German environmentalists—the "cheapest rubbish dump in Europe."

Every year anything up to 22,000 tonnes of the poisonous heavy metals, lead, mercury and cadmium are discharged into the North Sea, not to mention other pollutants like zinc, oil and sewage. They arrive by a variety of routes, including rivers, dredging, dumping and precipitation from the atmosphere.

The most passionate protectors of the sea, like the Greenpeace movement, call it not *Nordsee* but *Mordsee*, "the killer sea," conjuring forth a picture of dying gulls covered with oil, slicks, deformed fishes, and noxious chemical foams lapping menacingly at the shoreline.

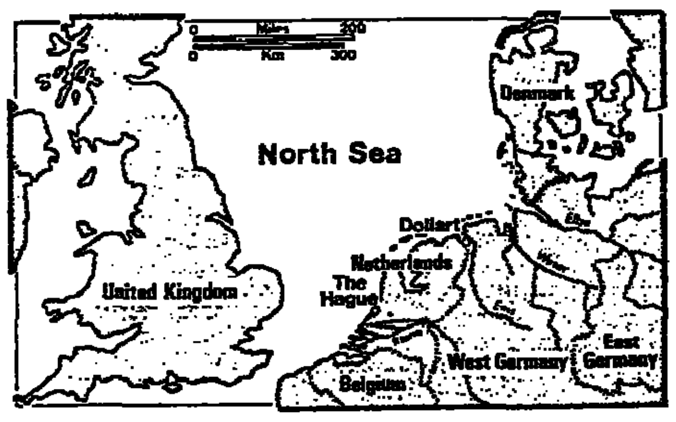
The British, on the other hand, point to reports suggesting that the North Sea is not really in too desperate a state. As always, a different geographical perspective makes a great deal of difference.

Britain in the West is at the right end of the prevailing winds and currents. The Germans are not. The worst affected part ofthe North Sea is the German Bight, shallow and wedged in between Lower Saxony and Schleswig-Holstein, stretching north to Denmark.

But the British, considering the species which have returned to the Thames, would point to those dirty Continental rivers, the Elbe and above all the Rhine-Meuser. In these cases the problem is heightened by dumping of dredging spoils.

"I don't see," a British official remarked pointedly recently, "why we should be penalised if the Germans have dirty rivers."

Supporting this argument is the fact that the North Sea's water is replaced on average at the quite reasonable rate of once every 12 months. Trus, the process is three times as slow in the German Bight. But in the open expanses to the north, between Britain and Norway, "flushing out" takes only six months.



Landlocked

For this reason the British and the Norwegians, will not accept for the North Sea the "special area status" now accorded to the Mediterranean and Baltic, both of them shallow and virtually landlocked. Such a measure would have automatically stopped bilge-washing by shps and the disposal of certain chemicals.

Another disappointment for Herr Friedrich Zimmermann, the Bonn Interior Minister who is hosting the conference, will be failure to extract agreement for a ban on dumping of industrial waste—something the Dutch also wanted (with the understandable exception of dredged waste from river estuaries).

The counter argument here is that not only is sea dumping the most practical solution for industrial waste that has to go somewhere, incinerated or otherwise; the practice also causes less pollution than dredged waste, not to mention dirty rivers.

On the other hand, the British will be keen to keep discussion away from airborne pollution, which leads back perilously close to acid rain, a topic of emotional debate in West Germany.

So will there be a messy public dispute? Probably not. In the first place, Bonn and the Hague have taken aboard the harsh economic constraints on environmentalism, with their decision to give the go-ahead for a new port at Dollart, at the gmouth of the Ems River. The ecology lobby fought the scheme bitterly, but the need to provide new jobs in the particularly depressed region of East Frisia came first.

Munich, meanwhile, taught the British that laid-back Anglosaxon pragmatism did not pay dividends where acid rain was concerned. The relaxed comment then that London saw "no need for heroic gestures at great cost" *was a misjudgment* of German fears about the environment.

Compromise

On that occasion also, many countries, ignorant of British constitutional niceties, failed to understand why Mr William Waldegrave, the UK Enivornment Minister, was prevented from delivering his prepared speech by the need to answer Commons questions on the arts. In Bremen, he will be in attendance from the start.

What will emerge, inevitably, is a compromise: less than the "decisive breakthrough" once trumpeted by the Germans, but with promises enough to cut pollution, step up surveillance and monitoring, and to punish more effectively offenders against existing regulations.

As a final sweetener, Britain has already offered to host a follow-up conference in 1986. But whether all this is enough to justify the expense of the Bremen exercise, when four separate conventions already cover pollution control in the North Sea, is another matter.

Business bid to improve Greek and Turkish ties

By Andriana Ierodiaconou in Athens

GREEK AND Turkish businessmen are making their own attempt to improve relations which are strained at the government level because of the Turkish occupation of Cyprus and a web of legal disputes over the Aegean Sea.

The first step was taken in Athens recently when Mr Lazaros Efraimoglou, president of the Athens Chamber of Commerce and Industry, met Mr Mehmet Yasar, head of the Federation of Turkish Chambers of Commerce and Industry.

They have agreed apparently to organise an exchange of visits by Greek and Turkish journalists to the two countries' capitals by mid-December, and to follow this with an exchange of trade missions and a conference of top level business executives next year.

The initiative, which is understood to be actively supported by Mr Nazmi Akiman, Turkey's ambassador to Athens, is politically tricky from the Greek point of view. It goes against the Papandreau Government's freeze on all dialogue with Ankara, following last November's declaration of a Turkish Cypriot state in Cyprus.

Mr Akiman, who took over the Athens embassy last summer, has said privately that he believes his main task is to try to improve the climate of Greek-Turkish relations and to seek the restoration of a dialogue.

Businessmen from both countries have reportedly been in contact for some months with a similar aim. The journalists' exchange visits are believed to have been conceived in private meetings in London and Geneva last summer.

The Greek Government itself denied last week that a visit to Athens by Turkey's Deputy Secretary of Transport for talks with the Greek Transport Minister signalled the revival of an economic dialogue.

● Greece's consumer price index rose by 2.9 per cent in September from August and was up 18 per cent on September last year, according to official statistics. The increase was attributed to higher food and clothing prices, AP-DJ reports from Athens.

WEU assembly chief sounds note of caution on revival

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

REVIVING THE Western European Union as a vehicle for enhancing European co-operation in defence has been welcomed by members of the WEU's assembly. However, its president, M Jean-Marie Caro of France, admitted yesterday that one of the aims — to increase debate of, and to try to rebuild consensus for, defence within Europe — might be more difficult to achieve than ministers of member governments realise.

Despite the WEU's 30-year existence, very few people in towns and villages across Europe had heard of it, he said, though he hoped that this might change if ministers really gave the organisation greater political weight.

M Caro told a news conference yesterday that the weekend decision of the ministers of the seven member organisation to revive the WEU was "most satisfactory." The relaunch, which had long been advocated by the organisation's MPs, was a vindication of the assembly's work, he said.

Foreign and defence ministers of the WEU members—Britain, France, West Germany, Italy and the Benelux countries—agreed on Saturday to revive the organisation as a forum for heightened discussion of European defence issues. The ministers' insistence that the relaunch should be seen as a means of strengthening the European pillar of the Western alliance, and thus strengthening Nato as a whole, was echoed yesterday by M Caro and other MPs in the 89-member indirectly-elected assembly.

The assembly yesterday held an extraordinary session in Rome in advance of its meeting in Paris in December which is to debate at greater length the implications of the revival of the WEU.

Yesterday, a number of speakers, including M Caro, queried the ministers' decision to revive the organisation without an increase in either its budget or its staff. "We are expected to do much more, yet our growth is to remain at zero," M Caro said.

Members here appear divided as to whether the WEU should accept new members. Portugal has made a formal application to join and it is suggested that Spain and possibly others at present excluded are ready to do the same.

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Call to the colours in Sweden

By Kevin Done, Nordic Correspondent, in Stockholm

MR ULF ADELSOHN, leader of the Swedish Conservative Party, called yesterday on the other non-Socialist parties to close ranks to fight the ruling Social Democrats in next year's general election.

The three non-Socialist parties —the Conservatives together with the Centre and Liberal parties—held office from 1976 to 1982, breaking the Social Democrats' 44-year monopoly

The period was marked by frequent in-fighting and repeated shifts in the make-up of successive coalition governments, however. Mr Adelsohn, as head of the biggest opposition party, is campaigning hard to give Swedish voters the impression that the non-Socialist opposition is no longer splintered.

"The overwhelming majority of non-Socialist voters are non-Socialists first and supporters of a particular party second. They hate it when we quarrel among ourselves," he told the opening day of the Conservative party conference here.

The non-Socialist parties received a significant boost at the weekend with the publication of two opinion polls which placed them ahead of the Socialist bloc which comprises the Social Democrats and the Communists.

One shows the non-Socialist parties with 52 per cent compared with 46.5 per cent for the Social Democrats and Communists combined. The other gives the non-Socialist parties a much narrower lead with 48.5 per cent, against 48 per cent for the two Socialist parties.

The political picture has been complicated since the last election in September, 1982, by the recent decision by the Centre Party to enter into a technical election pact with the small Christian Democratic Alliance (KDS).

The KDS has never previously cleared the 4 per cent hurdle needed for representation in Parliament, but will appear on a combined ticket with the Centre Party

While it is not expected to win more than 2.5-3 per cent of the votes, its share could just tip the balance against the Socialist parties.

Mr Olof Palme, the Social Democratic Prime Minister, has accused the Centre Party and Mr Thorbjorn Faelldin, its leader and a former premier of manipulating the constitution.

Polish divers search river for priest's body

BY CHRISTOPHER BOBINSKI IN WARSAW

POLICE DIVERS yesterday searched the River Vistula near Torun in Poland, and a reservoir up-river, for the body of Fr Jerzy Popieluszko, the pro-Solidarity priest allegedly kidnapped by three Security Ministry officials, on October 19.

The search followed after a tense weekend in Warsaw which ended with Sunday services attended by tens of thousands of people at the priest's parish church in a northern suburb

However Mr Janusz Onyszkiewicz, a former Solidarity spokesman now acting for a group of friends of the missing priest, said yesterday he had no information about a strike at the nearby Warsaw steelworks. Leaflets calling for stoppages yesterday had been issued earlier by underground Solidarity groups.

"The public mood is very tense and sombre but not votatile," he said and noted that Mr Lech Walesa's appeal to refrain from stoppages for the time being had "probably had an effect." He thought an eventual funeral for the priest was unlikely to cause unrest, although he believed that the authorities would try to delay it for as long as possible.

"The funeral would be a powerful manifestation of support for the ideal for which Fr Jerzy stood," he said—meaning the Solidarity movement.

Meanwhile General Wojciech Jaruzelski, the Communist party leader, has attacked the hard-line wing in his closing speech at last week-end's central committee meeting, published yesterday. He called them "pseudo-principled reviewers of our policies and our efforts, intriguers and rumourmongers who spread their babble both at home and abroad."

He implied that the dogmatists were trying to push the party leadership into measures which would provoke resistance as they "did not take into account the popular mood, the scale of people's experiences, memories and doubts."

Should the party leadership decide to move on a wider scale against its internal rivals, the Popieluszko case has provided arguments that Government policy toward the population must be cautious and pragmatic, otherwise it risks a flaring of tension as at present.

East Europeans urged to have more children

BY LESLIE COLITT IN BERLIN

THROUGHOUT EASTERN Europe, with the notable exception of Poland, governments are struggling to reverse declining birth rates.

In an attempt by Hungary to halt its shrinking population, the Government this month approved a series of childbearing incentives. Its population fell by 21,000 last year, the largest decline since the first net drop in 1981.

Czechoslovakia, too, announced improved family allowances in order to stem a diminishing rate of population growth.

Poland, on the other hand, is baffling the demographers, Poles have the highest birth rate in all of Europe, 19.7 per 1,000 inhabitants despite the country's worsening standard of living. The Warsaw Government's main concern is to find jobs for the growing number of young people.

Romania's low birth rate of 14.3 per 1,000 inhabitants last year jolted the Communist party into announcing new moves to boost the population. President Nicolae Ceausescu appealed, at a special session of the country's health council, to the "patriotic obligation of every family to have more children."

In spite of draconian restrictions on abortions, however, the Government disclosed that the legal abortion rate last year was 421,000 out of 742,000 pregnancies.

Inadequate housing and a high percentage of women who go out to work in Eastern Europe are cited most frequently by demographers there as the main reasons for the declining birth rates. Couples in the most industrialised Eastern European countries also weigh having children against possessing a car and supplying it with petrol which is only possible with the help of the woman's income.

This is why the East German, Czechoslovak and Hungarian governments are tempting women to have children by offering improved maternity benefits and higher family allowances.

One result of the lavish benefits offered to single mothers in East Germany is that nearly one-third of all babies born there are delivered to unmarried mothers. East Germany now achieves a tiny excess of births over deaths but its overall population growth is still negative because of emigration to West Germany.

Low birth rates, however, are not a uniquely East European problem. Most Western European countries, with the exception of Italy, Spain and Portugal, also have stagnant or declining populations.

COMECON began its annual conference of prime ministers in Cuba yesterday, its first such meeting outside Eastern Europe, Reuter reports from Havana.

Cuba is expected to use its best status to press for preferential treatment to continue towards the three poorest countries in Comecon—Vietnam, Mongolia and itself.

Action on Mid-East after U.S. poll, Mubarak says

BY PAUL BETTS IN PARIS

PRESIDENT Hosni Mubarak of Egypt said yesterday there would be no concerted Arab move on the Middle East conflict until after the U.S. presidential elections.

After talks with President François Mitterrand in Paris yesterday, the Egyptian leader said that Arab countries were holding consultations on the general Middle East situation.

"After the U.S. elections, we will all start to act and European countries will be able to play an important role," Mr Mubarak said.

The Egyptian president said he had not asked President Mitterrand to take any personal message to Syrian leaders when he visits Syria next month. However, President Mubarak reiterated his hopes of a return to normal relations between Egypt and Syria.

President Mubarak also said he had not discussed with President Mitterrand the visit of Mr Shimon Peres, the Israeli leader, to Paris in December.

The Egyptian president said he had received renewed support from France for the Arab cause. "France has always backed and continues to back the Arab cause," he remarked.

President Mubarak indicated yesterday that it was too early to contemplate the possible reactivation of the Franco-Egyptian UN Security Council resolution of 1982 calling for a negotiated settlement of the Palestinian problem based on the recognition of the right of existence of all the countries in the region, including Israel, and the right of the Palestinian people to self-determination.

President Mubarak is due to go to Bonn today for a three-day visit. Egyptian officials in Paris said President Mubarak's Paris and Bonn visits reflected the importance Egypt felt European countries could play in seeking a lasting solution to the Middle East conflict.

According to other Egyptian sources, President Mubarak is understood to be seeking to persuade European countries to put pressure on the U.S. to hold talks with the moderate wing of the Palestinian Liberation Organisation (PLO). But President Mubarak indicated that any concrete move would clearly have to wait until after the U.S. presidential vote.

Airline gets chance to justify its BAe choice

By Our Brussels Staff

THE ROW over whether Leeward Islands Air Transport (LIAT) should buy British or Franco-Italian aircraft with a grant from the European Community took a new twist yesterday, when the airline was given a further week to justify its preference for the British Aerospace Super 748.

The decision was announced by M Edgard Pisani, the European Commissioner for Development, whose department is responsible for administration of the proposed Ecu 26m (£15.6m) grant.

LIAT had been told that the European money would not be paid if it went ahead with its proposed purchase of the four Supel 748s, on the grounds that the Franco-Italian ATR42 would be more economical in the long-run.

The Commission's effective veto of the British Aerospace contract has aroused furious allegations of pro-French bias from British politicians, and claims of undue interference from the Caribbean states involved—Trinidad, St Lucia, Grenada and Antigua.

M Pisani yesterday told a delegation, including Mr Michael Hindley, a Labour MEP, and representatives from British Aerospace and the Amalgamated Union of Engineering Workers, that Liat would be given until the end of the week to produce figures to substantiate its insistence on the British aircraft.

He flatly denied any suggestions of undue interference in the contract. EEC officials have argued that LIAT should opt for the new and more economical technology being developed in the ATR 42, although it is still only at the development stage.

EEC entry forecast to pose problems for Spain-Portugal links

BY QUENTIN PEEL IN BRUSSELS

FUTURE MEMBERSHIP of Spain and Portugal in the European Community will cause a "fundamental redefinition" of the economic relations between the two states, with potential ramifications for the whole EEC, according to a report out yesterday.

The issue of bilateral relations with Spain may well become the most important single aspect f accession for Portugal, says the report, but no direct talks on the question have yet begun, and the two governments have not even defined their respective positions.

The report, published by European Research Associates in Brussels*, emphasises the likely deterioration in Portugal's existing trade deficit with Spain, and the danger of direct foreign investment switching from Portugal to Spain, as two important negative aspects of the future bilateral relationship.

It also stresses the extreme sensitivity of economic relations between the Iberian enighbours, and the low level of traditional ties, which could oe radically altered by their simultaneous accession to the Community.

"A situation may develop in which any intensification of Portuguese-Spanish relations as result of their integration into the EEC will cause their bilateral relationship to further deteriorate, because of real or even perceived damage caused by the neighbouring economy," it says. "Obviously such a situation would also have direct repercussions on the overall process of European integration."

On trade relations, it suggests that proximity, cost advantages, some technological superiority and marketing expertise "may favour a substantial penetration of the Portuguese market by Spanish manufacturers."

It quotes a study by the Portuguese Ministry of Industry suggesting, however, that an increase in competition in both markets, rather than a unilateral Spanish invasion of the Portuguese market, may be expected, resulting in an increase in the absolute trade deficit, but not its relative size.

Current Portuguese exports to Spain amount to only 3 per cent of the country's total exports, while imports from Spain amount to only 7 per cent of all Portuguese imports, the report says.

On the question of foreign direct investment, it suggests that foreign investors in Spain are likely to be hit hardest by the opening of borders to EEC imports, because protection is currently greater. Such investors might then betempted to reduce their Spainsh operations to mere sales representations supplied from the existing Community.

However, this could be counter-balanced by greater EEC protectionism against imports from newly-industrialising countries in Asia, encouraging Japanese and U.S. companies to seek European manufacturing ventures, and choosing the Iberian peninsula because of low production costs.

Portugal could lose out in the investment, because it will have to remove its barriers against Spain, and the temptation of manufacturers will be to set up in the largest of the two markets and export to the smaller.

"Economic Relations between Spain and Portugal in a 12-nation European Community, European Research Associates, 39 Boulevard Clovis, 1040 Brussels. $100.

Former IBH chief charged

THE FOUNDER and former chief executive of IBH Holding AG, the collapsed West German construction equipment group, Herr Horst Dieter Esch, will appear in court next month to face charges of breach of trust and contravention of company law. Herr Albert Farwick, Senior Public Prosecutor in Hanau, said.

He said the Prosecutors Office had decided to bring charges against Herr Esch in connection with his activities as head of the supervisory board of an IBH subsidiary, Wibau AG.

IBH, Wibau and a string of subsidiaries collapsed a year ago after its house bank, Schröder, Münchmeyer, Hengst und Co, (SMH) was found to be heavily over-extended with loans and had to be rescued.

Herr Esch has been in custody for questioning in connection with Wibau's collapse since March this year but formal charges had not been brought.

Herr Farwick said Herr Esch would appear in court in Hanau on November 29, with a series of six further daily hearings set until December 21. He is being charged under Paragraph 266 and 283 of the West German criminal code. The first is related to alleged breach of trust to the detriment of Wibau, the second to circumstances surrounding its filing for bankruptcy.

A third charge has been made under paragraph 400 of German company law and relates to information declared on Wibau.

The charges brought against Herr Esch by the Prosecutor's Office in Hanau relate only to his activities at Wibau, Herr Farwick said. The offences he is charged with carry a maximum prison sentence of 11 years.

Herr Farwick said Herr Esch was also the subject of investigations into the IBH holding company itself. These were being carried out by the prosecutors office in Koblenz. His relationship with SMH bank was being examined by the prosecutor's office in Frankfurt.

Herr Farwick added that both these series of investigations were expected to last for several months and charges had not yet been brought. Investigations into the chairman of Wibau, Herr Roland Spicka, in custody for questioning since January, are continuing. Charges have not been brought against Herr Spicka.

Reuter

OVERSEAS NEWS

West Bank tension overshadows Howe's talks with Peres

BY DAVID LENNON IN JERUSALEM

TENSION ROSE sharply on the Israeli-occupied West Bank yesterday in the wake of Sunday's rocket attack on an Arab bus in Jerusalem in which one Palestinian died and 10 were injured.

A fierce day-long confrontation between students at Bethlehem University and Israeli soldiers in which tear gas was fired into the campus overshadowed the talks between Sir Geoffrey Howe, the British Foreign Secretary, and Israeli leaders.

It also undermined the claim by Mr Shimon Peres, the Prime Minister, in his meeting with Sir Geoffrey, that Israel was trying to improve the quality of life for Palestinians on the West Bank.

The attack on the Arab bus is believed to be the work of Jewish terrorists who were seeking revenge for last week's murder of two Israelis on the West Bank by a Palesinian refugee.

Sir Geoffrey is due to meet this morning with some West Bank Palestinian leaders and is likely to be told about their fears of a deterioration of relations between Arabs and Jews in the wake of the latest incident.

In his talks with the Foreign Secretary, Mr Peres disagreed with the British belief that the Palestinian Liberation Organisation must have a role in any settlement of the Arab-Israel dispute. The Prime Minister said that any encouragement of the PLO simply posed an obstacle for realistic partners who might want to enter into the peace process.

Fierce overnight artillery duels in and around Beirut have apparently delayed government moves to strengthen security in the capital, Reuter reports from Beirut. The fighting, believed to be the worst since a security plan took effect in Beirut in July, came as the army was to begin taking control of a part of Beirut port illegally run by a Christian militia.

Last night's eight-hour battle, between the mainly-Druze Progressive Socialist Party militia against the army and a Christian militia, spread from the mountains above Beirut into both sectors of the capital.

AP reports: The Syrian Government called Mr Walid Jumblatt, the Lebanese Druze leader, to Damascas yesterday to try to stop another outbreak of fighting in Lebanon.

This was not the only issue on which Sir Geoffrey and his host disagreed. Sir Geoffrey made clear Britain's disapproval of Israeli settlements on the West Bank and voiced the view that the Camp David accords had been overtaken by events and that the peace proposals of President Reagan two years ago appeared more realistic.

Despite Israeli rejection of such ideas, the atmosphere during the Secretary of State's visit has been described by both sides as very friendly.

S. Africa, U.S. renew Angolan peace talks

BY ANTHONY ROBINSON IN JOHANNESBURG

THE LATEST round in long-running diplomatic efforts to reach a settlement between South Africa and Angola is due to start in Cape Verde today *with a meeting between Mr* Pik Botha, the South African foreign Minister, and Mr Chester Crocker, the U.S. Assistant Secretary of State for African Affairs.

The meeting closely follows a visit to Luanda by Mr Frank Wisner, Mr Crocker's deputy, and hints by Angolan President Jose Dos Santos that he is now actively considering a reduction in the 25,000 Cuban troops stationed in the country provided South Africa completes the withdrawal of its troops from the southern part of the country and adheres to the terms of UN Security Council Resolution 435.

Today's talks are expected to concentrate on South Africa's continuing support for Mr Jonas Savimbi and his rebel Unita forces and its reluctance to complete the withdrawal of its troops while it is still engaged in operations against rebels from the South West Peoples Organisation (Swapo)

● Unita said yesterday it killed 82 Angolan and 14 Cuban troops in Uige and Lunda provinces last week, reports Reuter from Lisbon.

Civilian aircraft to ferry food to Ethiopia

By Stephanie Gray

FOUR FLIGHTS by civilian airliners, each carrying up to 30 tonnes of relief supplies for Ethiopia's starving millions, are due to leave Britain by the end of the week.

Three of the flights will be carried out by British Airways and the fourth by the Red Cross, paid for by the British Government.

The Overseas Development Administration, aid arm of the Foreign Office, is seeking Ethiopian approval of ferry supplies by air from Ethiopian ports to inaccessible areas where millions of people are at risk from drought.

The decision to charter the aircraft was made after the Marxist Ethiopian Government effectively ruled out a British proposal to send two RAF Hercules for a month to distribute aid. Ethiopia appeared to be reluctant to have Western military aircraft overflying its territory, particularly the rebel areas of Eritrea and Tigre.

The agency is also considering chartering another civilian aircraft to fly supplies from Britain to Ethiopia.

Mr Timothy Raison, the Minister for Overseas Development, is meeting Mr Hugh Mackay, overseas director of the Save the Children Fund today.

Meanwhile, a report published by the United Nations Disaster Relief Co-ordinator yesterday described Africa's prolonged drought as "the worst human disaster in the recent *history*" of the continent, with 35m people in desperate need

The report said 27 African nations were now listed as urgently needing external food aid and that overall, 36 countries face food shortages.

It confirmed that 6m people in Ethiopia were starving and said about 43 per cent of the country's 30.5m population was estimated to be malnourished.

Aid agency officials yesterday agreed privately with the view expressed at the weekend by Mr Charles Elliott, the former director of Christian Aid. that the British and U.S. governments had held back on aid for Ethiopia because of the *Government's Marxist policies.*

One official said that the fact Britain had no long-term bilateral development agreement with the Ethiopian Government lent credibility to the theory that the non-producion of aid had been strategic.

Reuter reports from Moscow: The Soviet Union is sending aircraft, trucks and other vehicles to Ethiopia in a $1m aid package, Moscow's envoy to Addis Ababa said yesterday.

Jurek Martin in Tokyo charts the likely course of Japanese foreign policy

No sea change, but waves may grow bigger

MR YASUHIRO NAKASONE made, by Japanese standards, a big foreign policy splash in his first year as Prime Minister. In the second year, the waves subsided to ripples, as conventional diplomacy reasserted itself. Now that he is back for another term, what can Japan, and the rest of the world, expect next?

The events of the weekend, which led to Mr Nakasone being presented yesterday as the sole candidate for the leadership of the ruling Liberal Democratic Party, can be seen in one of two ways; either as a ritualistic drama, in which his opponents were permitted the freedom to criticise him before bowing to his inevitable reappointment, or as a warning that he had better become more of the traditional team player than has been his wont.

Much depends on which interpretation Mr Nakasone prefers. To have won a second term, which is more than any of his five predecessors managed, appears to be a *demonstration of strength. But* the dynamics of the Japanese system, both in the way policy is made and in the limited authority given to individuals, is such that he may be more restricted than popularly imagined.

It is, as a rule, tough for a Japanese politician to put a personal imprint on foreign policy. Those who have tried recently —Mr Kakuei Tanaka in opening the door to China, Mr Nakasone in so enthusiastically embracing President Reagan — have run into domestic flak for striking out on their own before the approved consensus was in place. The deliberate process *of policy-making in Japan is* designed to iron out the rougher edges of disagreement before policy is actually implemented.

Mr Nakasone's term as Prime Minister to date provides a perfect illustration of this. Partly out of inclination, partly because his predecessor, Mr Zenko Suzuki, had been so passive, Mr Nakasone made almost all the foreign policy running in the first year. But, largely for domestic, political and institutional reasons, it has been Mr Shintaro Abe, the Foreign Minister, and his ministry which has subsequently taken over. That Mr Abe was, and still is, a candidate to succeed Mr Nakasone has not a little to do with this.

Mr Nakasone's first year was marked by his own trips to Seoul, Washington, around the Asean (Association of South East Asian Nations) and the Williamsburg summit and by Mr Reagan's visit to Tokyo, in all of which his contribution was distinctive and sometimes controversial. His intent appeared to be to place Japan firmly in the Western camp. He even advanced a closer relationship with Nato, which France felt compelled to abort. His flair for "statesmanship," especially to foreign audiences, was indisputable.

This year has seen some follow-up, with a trip to China and the London summit (though attendance here is *de rigueur*), as well as the visit by President Chun of South Korea to Tokyo. But the personal touch has been much lighter.

The imperatives of retaining power have compelled Mr Nakasone to attend to his domestic cabbage patch, and even President Chun's visit was more important, in domestic eyes, for having passed off smoothly than for any substan*tive achievement.*

Mr Abe was in the reverse position. His image was becoming increasingly that of a Japanese Sir Geoffrey Howe, a good and faithful servant, with ever broadening experience, but apparently destined to operating in someone else's shadow, be it his father-in-law, former Prime Minister Kishi, his faction leader, former Prime Minister Fukuda, or Mr Nakasone.

But the word on Mr Abe has it that the fire of ambition really does burn in his belly. He needed to prove himself worthy

Mr Nakasone (left) in one of his early foreign policy initiatives, leaves for Washington accompanied by Mr Abe

of the title of one of Japan's "new leaders."

In this sense, he found natural allies in his own bureaucrats. As a rule in Japan civil servants run Ministers, not the other way round, and Ministers are shifted around every year or two as patronage is dispensed.

But the Foreign Ministry has been suffering through thin times of late. Never the most powerful department, its policy prerogatives were being *nibbled* at by the Finance Ministry and the Minister of Trade and Industry (Miti) even before Mr Nakasone practised wholescale appropriation in 1983. It needed to regain its turf as much as Mr Abe needed recognition.

The alliance shows itself mostly in nuances. For example, just before the London summit, it was widely reported that Mr Nakasone was holding out hopes that Japan might be able to bring about a ceasefire in the Iran-Iraq war. The stories were well founded, because their source was the Prime Minister himself. Yet, simultaneously, the Foreign Ministry was telling anybody who listened that Mr Nakasone was being far too optimistic. It seemed to have made its point when, in London, nothing happened.

But Japan does have Middle East policies, as the only major nation with relations with both Iran and Iraq, it has laboured hard to create a climate in which a de-escalation of hostilities may be achieved.

Mr Abe has been to both Tehran and Baghdad and a senior Ministry official, Mr Yoshio Hatano, has quietly shuttled back and forth between the two capitals for months. Success remains elusive and the cautious Foreign Ministry even shuns the use of the word "mediation" to describe its efforts.

But, as he same time, it *is* Mr Abe and the Ministry who are content to reap whatever credit is available from the popular perception that Japan is, for perhaps the first time, trying to act as broker in a major international conflict.

Activity over Kampuchea and North Korea can also be said to follow this pattern. In neither instance does it appear that Japan has policy initiatives in the works. But Mr Abe was only too pleased to be seen sitting down with Nguyen Co Thach, the Vietnamese Foreign Minister, to discuss Kampuchea earlier this month, while both Mr Abe and his ministry have ben publicly much more responsive to the latest flurry of conciliatory moves from Pyongyang than has Mr Nakasone, who has invested so much in President Chun.

In other areas, too, such as relations with African countries and the European Community, the ministry seems to be trying to pick up those reins dropped, or never touched, by the Prime Minister. Mr Abe has even summed it up in a little book entitled "Creative Diplomacy," basically a collection of speeches mostly written for him by his ministry. It should be seen either as his valedictory or his calling card, maybe both.

But the durability of this apparent change is now in doubt. It is not clear whether Mr Abe will stay on as Foreign Minister and the upper echelons of the ministry are being changed anyway for bureaucratic reasons. It may take time for Mr Abe or a new minister and a new hierarchy to forge a comparable relationship.

And if Mr Nakasone feels confident that he has a real mandate, he may turn again to the foreign policy tiller. In that case, 1985 might look more like 1983 than 1984.

Indian opposition leader 'may support Gandhi'

BY JOHN ELLIOTT IN NEW DELHI

THE fragile unity of India's opposition parties has been upset by a statement from one of their senior leaders that he might join up with Mrs Indira Gandhi, the present prime minister, if she needs support to form an administration after the coming general election.

Mr Charan Singh, the 81-year-old politician who founded a new opposition party 10 days ago, said in an interview that "we might accept her overtures" if opposition groups could not themselves form a government.

Mr Charan Singh was prime minister of India for about three weeks at the end of 1979 after the collapse of the two-*year-old Janata Government. He* was supported for that short time by Mrs Gandhi, who then withdrew her support, so precipitating an election which she won.

Since then the opposition parties have fragmented as politicians left the Janata Party to form breakaway organisations. Attempts at unity have failed, usually for personality, rather than policy, reasons.

Ten days ago, Mr Charan Singh broke up existing *alliances when he formed a new* political party called the Dalit Mazdoor Kisan (the Untouchables, Workers and Peasants' Party). It is strong in key northern areas of India where Mrs Gandhi needs to gain seats to stay in power.

This new party could provide an important base for the opposition, even though there will be no overall unity linking the country's varying opposition interests. But Mr Charan Singh's remarks could upset that.

Asked whether he would link up with Mrs Gandhi if she was returned to power without a clear majority and was looking for allies to keep her in power he said: "I cannot definitely say no just now.

"If the country needs it and my colleagues say yes then we would see. We'd rather join hands with other opposition parties but if that is not possible we might accept her overtures."

Prompted by an aide, he later returned to the subject, suggesting that a war with Pakistan might be the only sort of issue that might lead to a link-up with Mrs Gandhi.

AMERICAN NEWS

Falklanders worry about price of freedom

BY JIMMY BURNS, RECENTLY IN PORT STANLEY

FOR THE Luxtons, life on an 150,000 acre farm on West Falklands seems to have returned very much to normal. In the morning, Bill picked his mail, brought to a local field by one of the island's two civilian 12-seater planes, then checked on some horses that had strayed off his land some 15 miles away, before finally feeding his favourite sheep on a tube of polo mints.

By the evening, he was sitting down with his wife Pat, listening for the umpteenth time to a tape of Margaret Thatcher's only visit to the islands in January 1983.

"We are a people who cannot live without breathing the air of freedom and justice," Maggie had told a packed town hall. "The Union Jack is flying over Port Stanley and may it always fly over Port Stanley".

In April 1982, Bill and Pat's Easter Sunday was rudely disrupted with the arrival of Argentine soldiers wielding heavy machine guns and clutching grenades. The Luxtons were arrested and deported for no apparent reason other than being regarded as firmly pro-British and a threat to internal security.

"At the time, I didn't know what was going to happen to us. I just thought of the "disappeared" and I was terrified," Bill recalled Far from modifying their resolve to remain on the islands, the experience simply made the Luxtons that much more deeply British.

ARGENTINA is still hoping to win the votes of a number of European countries, including Italy and France, in tomorrow's United Nations debate on the Falklands.

In previous years support for Argentina at the UN has mainly come from Latin America and the non-aligned movement. But officials believe a "qualitative" change in the vote will succeed in bringing pressure to bear on Mrs Thatcher's Government.

The debate follows a mini-European tour by President Raul Alfonsin following weeks of intensive diplomatic effort aimed at EEC member states.

The widely held belief in Buenos Aires is that a substantial vote in favour of the Argentine motion will lead to an early resumption of negotiations broken off in Berne

It is difficult to find an islander today that does not have a story to tell about the disruption caused by the Argentine occupation. There was no rape or widespread looting. The only three islanders who died during the conflict were accidentally shelled by the British. And the local Argentine military officials are generally remembered as courteous.

For a community that had scarcely known violence, it was a traumatic experience that has since entrenched itself deeply in the collective psyche, and continues to affect everyday life. All the live Argentine ammunition that littered Stanley and the countryside has been removed over the last year. But that doesn't apply to the mines. "Before the war, I used to go swimming in the sea, riding in the fields, fishing on the river—all that's gone now," said Alison King, daughter of the proprietor of the Upland Goose Hotel.

Local opinion has generally welcomed the advent of a committed democrat on the Argentine political scene in the person of Raul Alfonsin. But the change has not been sufficient to shake off the shock. Most islanders even now hear only the worst news from Buenos Aires: 600 per cent inflation, troubles with the military over the human rights issue, and last, but by no means least, what is perceived as unrelenting resolve to claim sovereignty without regard for the wishes of the inhabitants.

"If Alfonsin is the democrat he says he is, why doesn't he have more respect for our rights?" was the question I found constantly thrown back at me.

The few islanders who defended Argentine sovereignty in the past have been ostracised as traitors and have been forced into virtual self-exile on the mainland.

In spite of the war, however, there are many islanders who willingly admit they would welcome a resumption of some of the previous links with Argentina.

Falklanders used to use Argentine hospitals and Argentine schools, and there were regular tourists visiting from Buenos Aires on the twice-weekly flight or the occasional cruise ship. Argentina provided the islands with gas and petroleum in addition to some food supplies.

Trade links are now almost exclusively with the UK and transport and services virtually controlled by the British armed forces. Most islanders are convinced that the presence of the military is the only guarantee against a further invasion by the Argentines and this more than compensates for some of the disruption to their lives since the end of the war.

For if British troops have remained remarkably well disciplined, some islanders do admit to a certain resentment about the changes in their way of life. For instance, local opinion has been provoked by widespread allegations that army trucks daily deposit surplus stocks on the rubbish tip on the outskirts of Stanley

"When you've been used to using up everything all your life, it makes one feeling like crying to see such waste," says Mrs Velmer Malcolm, the elderly owner of the Rose Hotel.

It is not the only issue that Mrs Malcolm feels bitter about. As the secretary of the Falkland Island Committee, the locally based anti-Argentine pressure group she shares the doubts many islands have about the degree of commitment Britain has to the medium- to long-term future of the islands.

Mrs Malcolm, *in common* with families like the Luxtons, and even the chairman of the islands' trade union movement, Mr Terry Betts, has an unswerving respect for Mrs Thatcher. But the history of the Falklands dispute has shown successive British governments — whether Labour or Conservative — prepared to reach some accommodation with Argentina.

And the so-called Falklands lobby inside British Parliament, which in the past so resolutely opposed any accommodation, is no longer as influtional as it once was. So Mrs Malcolm is less confident than she used to be.

As she put it, "It's no joke living on the edge of a pre-precipice wondering what's going to happen once Mis Thatcher goes. You wouldn't *know whether to build yourself* a new house or just move out."

Bombs in Chile signal protests

BOMBINGS timed to signal the start of a two-day protest in Chile against the military Government of General Augusto Pinochet damaged a railroad, a bridge and two banks yesterday, APDJ reports from Santiago.

The Government extended news censorship imposed last week to two opposition radio stations.

Police reported on injuries from bombs that went off in Santiago and some provincial cities. Church sources and witnesses said security agents arrested scores of dissidents. The Government did not confirm the arrests.

Bahamas PM survives after pledge of respectability

BY NICKI KELLY IN NASSAU

PRIME MINISTER Sir Lynden Pindling has pledged to lead the Bahamas "back to international respectability" following *a year-long corruption scandal* that has badly shaken confidence in his government and the country.

Addressing the closing session of his party's annual convention at the weekend, the prime minister said he felt it was his responsibility "to correct whatever was done in error, to stamp out whatever was done deliberately and maliciously and to chart a new course."

Sir Lynden's leadership of the governing Progressive Liberal Party was unanimously endorsed by the convention, temporarily quelling dissident demands for his resignation.

Former Deputy Prime Minister, Mr Arthur Hanna, who was expected to challenge him, told delegates privately he would rather step aside than become *a source of divison within the* party. Instead, he accepted renomination as deputy leader.

Party members closed ranks around the Prime Minister rather than risk a split that could only aggravate the damage already done to the PLP by a recent investigation into drugs trafficking.

Allegations made before a commission of inquiry have linked some of Sir Lynden's closest friends to drug payoffs, money laundering and influence peddling.

The Attorney-General, Mr Paul Adderley, told the convention that there was sufficient evidence to make him realise that he might have to take some very unpopular decisions. "If I had to do so I would, without regard for the consequences to me or anybody else," he declared.

Mr Hanna, the most powerful figure in Bahamian politics next to the prime minister, quit his cabinet post three weeks ago when Sir Lynden refused to resign after the commission revealed he had received millions of dollars in undisclosed loans, gifts and contributions from foreign businessmen.

Mr George Mackey, the convention chairman, said the PLP had decided to wait for the commission's report in December "to determine what action should be taken against any member."

Curbs sought on growth of U.S. loan institutions

By William Hall in New York

U.S. BANK regulators are trying to curb the rapid growth of some o fthe country's 3,500 savings and loans institutions as fears mount that further problems in the industry could seriously stretch the authorities' ability to protect depositors.

Washington is considering limiting the growth of individual institutions on the authorities' problem list as well as increasing insurance premiums U.S. thrift institutions have to pay in return for Federal guarantees on their deposits.

Mr Edwin Gray, chairman of the *Federal Home Loan Board* which supervises most of the institutions in the industry, is expected to outline his fears about the industry's rapid growth and the need to restrict the growth of some of the more aggressive institutions in a speech to the U.S. League of Savings Institution's annual conference in Washington, today.

Although the Federal Deposit Insurance Corporation (FDIC) insures the vast bulk of the near $700bn of deposits controlled by U.S. savings and loans, its power to control individual institutions varies considerably.

Some institutions, which are chartered by individual states as opposed to the national level, are allowed more flexibility than federal chartered institutions. Regulators are concerned that they are almost powerless to curb their expansion into risky areas.

The FDIC insurance funds, which total little more than $6bn are under strain as more institutions run into difficulties.

● Stewart Fleming adds: Mr Donald Regan, U.S. Treasury Secretary, yesterday cautiously prodded the Federal Reserve Board to ease monetary policy in view of the moderate rate of inflation and the slack remaining in the economy

Mr Regan told the conference yesterday that there appears to be room for the Fed to ease monetary policy without "panicking" *the money* markets.

Delegate selections boost Tancredo's bid for presidency

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN opposition's hopes of capturing the presi*dency next January have risen* sharply over the past few days, following selection of most state delegates to the presidential Electoral College.

Results have come in from 18 of the 23 states, giving Sr Tancredo Neves, the opposition candidate, the support of more than 80 delegates, compared with 23 or 24 pledged to Sr Paulo Maluf, the official candidate.

The state delegates make up about 20 per cent of the 686-member Electoral College, and was regarded as critical for the outgoing Figueiredo Government to secure the election of its controversial candidate.

The opposition parties and their allies from the Frente Liberals, a breakaway group of Government politicians, already have a commanding majority in the two houses of the Federal Congress, which form the rest of the Electoral College.

The regime reacted to the unfavourable trend of events *at the end of last week* by briefly arresting most of the leaders of the prescribed Partido Communista do Brasil, the PCdoB, a minor left-wing party.

In a co-ordinated swoop on four cities — Sao Paulo, Belem, Salvador and Goiania — federal police arrested 46 members of the PCdoB. Documents and party funds were also seized. Most of those detained were released over the weekend.

Intervention in an increasingly vitriolic succession race has come from another influential quarter, the country's powerful Roman Catholic Church.

In its *first official statement* on the contest the National Confederation of Catholic Bishops warned the regime against any attempt to alter the political rules at this late stage.

"A nation which hopes to be civilised cannot accept coups" said the statement.

Right-wing Nicaraguan party to contest election

BY DAVID GARDNER IN MANAGUA

NICARAGUA'S Democratic Conservative Party (PCD) is to contest next Sunday's general elections against the ruling left-wing Sandinistas, its convention decided on Sunday.

The PCD is the only remaining right of centre group in the race after the right-wing Coordinadora Democratica and the main Liberal party withdrew, claiming the contest did not offer sufficient democratic guarantees.

The PCD looked as though it would follow suit, with sentiment among delegates at Sunday's convention running roughly three to one in favour of abstention. But with three speakers to go before the issue was to be put to the vote, Dr Clemente Guido, the PCD's presidential candidate, seized the microphone and jumped on to the table occupied by the party executive.

Groups from the party's youth section pushed through into the small conference hall and swiftly took it over, chanting slogans in favour of the election.

The pretext for Dr Guido's theatrical intervention was a supposed insult by one of the speakers to Sr Mercedes de Chamorro, his vice-presidential running mate.

The abstention issue was not, finally, put to the vote, and its defenders withdrew from the meeting under a fusillade of insults and threats of violence.

GM and Daewoo in $60m car parts venture

BY STEVEN B. BUTLER IN SEOUL

THE Delco Remy division of General Motors Corporation and Daewoo Precision Industries have announced a $60m(£50m) joint venture to produce electrical components for a car designed by Opel, GM's West German subsidiary, which the parent companies will manufacture jointly in South Korea.

The new venture broadens General Motors participation in South Korea to the manufacture of component parts.

Daewoo Corporation and General Motors earlier this year signed a contract to build an annual 167,000 small front-wheel drive vehicles up to half for export beginning in the 1987 model-year.

Experts outside the company say that several more joint ventures for the manufacture of automotive parts are at various stages of discussion.

Speaking in Seoul, Mr Roger Smith General Motors chairman indicated that other joint ventures might be under consideration, putting General Motors' more sophisticated technology together with South Korean manufacturing capabilities.

Observers here *suggest that* the companies may have delayed announcing the joint venture until GM had concluded its contract negotiations with the United Auto Workers, which has feared potential *losses of jobs* in the U.S. to workers overseas.

Under the agreement, signed in July and approved by the South Korean Government last week, the companies will manufacture starter motors, alternators, ignition distributors, and ignition coils.

The products will also be mar*keted in Asia and Europe*, and will be included as original equipment on Daewoo vehicles exported to the U.S.

Mr Smith said that each company would invest $10m. Financing would be arranged for the balance.

According to the Korea Auto Industry Co-operative Associa*tion, during the first nine* months of 1984, South Korea exported 36,407 vehicles, an increase of 146 per cent over 1983.

Lagos teams concentrate on price comparisons

By Patti Waldmeir

TEAMS of Nigerian Government officials who have arrived in Britain, Hong Kong, West Germany and the U.S., will be responsible for inspecting only non-essential imports, and will not be able to clear a backlog of essential goods shipments created by the dismissal of Nigeria's pre-shipment inspection agents, SGS, on September 30.

Mr S. O. Oyeniyi, leader of the four-man London team, said inspectors would carry out quantity and quality inspections, plus price comparisons, at factories throughout Britain and Eire.

The Central Bank of Nigeria has said that essential items such as pharmaceuticals, food, raw materials, spare parts and basic chemicals which are covered by "M form" import documents issued prior to October 1 should be sent to Lagos for inspection at destination.

But the vast majority of exporters have refused to take the *risk of sending goods to Lagos* which they fear could be refused on arrival or have prices cut arbitrarily.

They have chosen to wait until these forms, which currently specify the Swiss inspectors SGS, can be endorsed over to new inspection agents appointed after the dismissal of SGS.

No such amended forms have yet been received in the UK, leaving exporters worried that the forms will expire before inspection can be completed and shipment arrangements made.

Exporters said yesterday they doubted whether such a small number of inspectors with only *a very limited data base of* manufacturers' list prices for price verification coul dmake a significant dent in the backlog of shipments of even non-essential goods.

Japanese plan new life for Calcutta Metro

BY JOHN ELLIOTT IN CALCUTTA

JAPANESE contractors will soon move on to the *Calcutta* metro underground railway project in north-eastern India to see whether an injection of modern excavation techniques and equipment can partially rescue the densely overpopulated city *from the chaos and dis*ruption caused by ten years of slow moving Indian manual construction methods.

Trains started to run last week for six hours a day on a single 4km (2.5 miles) track in *the middle of the 17km dual*-track line, eight years behind schedule and four months after the entire system was flooded by heavy rainstorms.

The flood rose 35 ft above the tracks and caaught 16 new *coaches which were left sub*merged for up to three weeks under heavy water pressure. Their engines and other equipment wereruined.

Originally budgeted with Russian advice, in 1972 to be completed by 1979 and to cost $140m, the project is now estimated at a total of at least *$800m, and probably much more* by the time the present target completion date of about 1990 is reached.

"The total could be $900m and that could double to $1.8bn to $2bn. With that money I could have *tripled agricultural* growth in this state with irrigation projects. The economist in me revolts," says Mr Ashok Mitra, Finance Minister of the Marxist Government of West Bengal where Calcutta is the capital.

"It should never have been started. It would have been better to have spent the money on over-land traffic and building satellite towns,' says Mr Joyti Basu, the West Bengal chief minister.

Even Mr Ghani Khan Choudhury, a Calcutta politician who is now responsible for the project as the railway minister in New Delhi has said it is all a "mistake."

He has started a much cheaper surface circular railway system around the central areas *which has begun operating after* only three years. There is also a World Bank-aided Central transport scheme spending about $100m on improving bus and tram services with new vehicles and traffic management.

The only reason the metro is being completed at all is that no one has had the nerve to cancel it in recent years. It was started in 1972 by the then Congress I government in New Delhi as a prestige project *aimed at boosting Calcutta in* the aftermath of the neighbouring 1971 Bangladesh war by giving the city India's first underground railway.

Since then much of the centre of Calcutta has resembled a *chaotic construction site with* open excavations, piles of mud, stacks of rusting steel girders and other equipment blocking main thoroughfares.

"They close a road and say they'll restore it in three years. *Materials are dumped and* nothing happens. At one point, near the central esplanade station, they said in 1981 they'd do some work in six months, closed a major tram and bus route, and haven't started any*thing yet," complained a local* transport official.

Worst affected is the old and faded grandeur area of Chowringhee Road (now called Jawaharlal Nehru Road). It overlooks the wide open arεεs of the Maidan Park in the same way that Park Lane borders Hyde Park in London.

The metro *runs underneath* this road and has closed at least half its width to traffic for years, thus reducing the percentage of Calcutta's land mass available to traffic from 6 per cent to 5 per cent. New Delhi *and Bombay have about 20 per* cent and modern Western cities up to 30 to 40 per cent.

*Most of the construction con*tracts were let out in 1 km lengths to inexperienced Indian companies. Hardly any progress was made for some years. Funds were short, labour troubles broke out and unexpected problems arose with Calcutta's loose clay soil which is mixed with decayed vegetation and silt pockets. A Hungarian tunnelling company, Nikex, has said it is very peculiar soft soil, possibly the softest in the world.

The Japanese company now moving in is Tasei, working with Hindustan, on two sections totalling 4.6 km won in competition against Maeda of Japan with Afcons, another large Indian company.

Japan is providing $8m to $10m aid for foreign exchange costs of equipment, personnel and open tunnelling equipment not available in India. Contracts are now *being finalised worth* $66m plus a 30 per cent claim for price rises during several months of administrative delays on top of a 15 per cent price escalation clause.

Tasei will show Hindustan *how to do the job by opening up* only a third of the surface at a time. This is then covered with concrete slabs to allow traffic to move overhead during excavation. It is expected to cut construction time from eight years needed *for manual traditional* cut and cover excavations to four years and six months.

Most of the rolling stock of 144 coaches is being built by Indian companies, with some foreign components such as brake and *sliding door* equipment from Westinghouse Brake and Signal of the UK and Knoor of Germany. Indian subsidiaries of UK companies including Chloride, BICC and GEC have supplied batteries, *lighting and cables. The level* of technology is well below that of more recently commissioned metros like Hong Kong or Singapore.

Now the line is partly open, the potentially dangerous *problems have to be faced on* Asia's fifth underground railway and the world's 82nd. Calcutta is crippled with regular power cuts and the metro has no generating station of its own—just "first priority for electricity supplies after defence establishments."

Chile's arms industry exports worth $100m a year

BY MARY HELEN SPOONER IN SANTIAGO

AN IRAQI cargo aircraft which landed earlier this year at Santiago Airport to pick up a shipment of cluster bombs brought into public view something that only a few defence experts *knew: that General* Augusto Pinochet's Chile, which has faced arms embargoes from *its traditional suppliers in* Europe and the U.S., is now a net exporter of arms.

According to industry officials, Chile's annual arms exports are worth about $100m (£83m).

Industrias Cardoen, a private Chilean company, won the cluster-bomb contract over competing bids from arms manufacturers in France, the U.S. and the Soviet Union.

Cardoen, originally a producer of mining explosives, made its first foray into arms *manufacture in 1978*, when Chile and Argentina nearly went to war over their sovereignity dispute over the Beagle Channel.

At the request of the Chilean military, Cardoen started manufacturing grenades and land mines for use in a possible war with Argentina.

After Chilean purchases of armoured vehicles from France, West Germany and Austria were blocked, Cardoen obtained a licence from a Swiss company, Mowag, to manufacture *armoured vehicles in Chile.*

Development of the cluster bomb began in 1982. While this year's sales agreement with Iraq has been the company's biggest foreign contract, it was not the first and is not likely to be the last.

Cardoen executives say they cannot reveal the details of specific sales, but the company has clients in South-East Asia, Africa, South America, and the Middle East.

The Chilean cluster bomb weighs 500 lb and contains up *to 300 bomblets.* Its price is claimed about one-third that of European and U.S.-made cluster bombs.

Cardoen, which is concentrating on simplicity, has also been working with a number of British companies, including Ferranti and United Scientific Holdings.

According to the company's president Sr Carlos Cardoen, the lifting of the British arms *embargo in 1980 proved a blessing*

"This meant the chance to do what we would eventually like to do with the U.S.—openly to trade in arms components," he said. "We've been able to integrate things from both countries, and save a lot of time by not reinventing the wheel."

Ford, Fiat in fight to be W. Europe car sales leader

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD AND Fiat of Italy are engaged in a tremendous struggle for the West European car sales championship this year.

After nine months Ford has edged ahead by 21,500 registrations, giving the U.S.-owned company a share of 13.1 per cent against Fiat's 12.8 per cent.

The contest is by no means over, because Ford was in the lead at the same stage last year but eventually was pipped at the post—by 10,000 registrations—by Renault of France.

Renault this year has slipped back to sixth place among the major manufacturers but only 2.3 percentage points separate it from Ford at the top.

According to industry estimates, car sales in the 17 West European markets fell by 2.9 per cent in the first nine months of this year to 7,906,069.

Fiat has been helped by the buoyancy of its domestic market — the only major territory in Western Europe where car sales have increased in 1984. Italian registrations improved by 2.1 per cent to 1,257,680 in the nine months.

However, there have been declines in Ford's two main markets. Total UK registrations were down 1.6 per cent at the end of September to 1,439,991, while in West Germany car sales had fallen by 2.6 per cent to 1,871,844.

The biggest fall recorded in the major markets was one of 12.5 per cent in France where *registrations after nine months* were 1,284,754. This, in turn, had a depressing effect on the European results of the two French groups, Renault and the Peugeot-Citroen-Talbot combine.

WEST EUROPEAN CAR SALES: JANUARY-SEPTEMBER

	1983	1984
Total sales	8,144,510	7,906,069
	Market shares %	
Ford	12.7	13.1
Fiat Group	12.0	12.8
Volkswagen-Audi	12.0	11.8
Peugeot-Citroen-Talbot	11.7	11.2
General Motors (Opel-Vauxhall)	11.3	11.2
Renault	12.1	10.8
BL	4.2	4.1
Daimler-Benz (Mercedes)	3.3	3.1
BMW	2.9	3.0

Bids to operate Jeddah airport

FOURTEEN companies have submitted bids to the Saudi Presidency of Civil Aviation for the operation and maintenance contract for King Abdulaziz International Airport in Jeddah, **Finn Barre reports from Saudi Arabia.** Prices range from $127m (£105m) to $298m.

International Commercial Centre submitted a bid of $127m. The highest bid was submitted by Al-Zamil Industries ($298m).

Other companies and their bids included: SSOC-Zainel ($161.9m); Civil Works Company ($198.3m); Sianco ($204.2m); Amoody - Letco ($213.6m); Al-Sagri ($221.1m); Dallah Avco ($224.7m); Saudi FAL-Al Rashid ($239.5m); Samco ($253.9m); SOMC-Basil-Saad ($256.8m);

Yugoslav group 'may drop pact with Renault'

By Patrick Blum in Vienna

IMV, the Yugoslavian car manufacturer, may drop its production agreement wtih Renault, the French car group, in favour of a deal with Fiat of Italy, the Yugoslav daily Politika reports.

Quoting from an interview with Mr Janez Raskar, IMV director, the daily said that current difficulties in the French group combined with heavy losses for the Yugoslav company may *force it to reconsider* its relationship with Renault.

IMV, which manufactures the Renault 4, is reported to have suffered increasing loses since 1980. Renault must accept changes in its agreement with IMV or else "the latter will renounce co-operation with its partner for many years," the daily said.

An alternative is co-operation with the Yugoslav company Crevna Zastava which makes Fiat cars under agreement with the Italian group. Crevna Zastava is said to have offered a deal to IMV for the manufacture of new models for Fiat.

A decision on the agreement with Renault *will depend on dis*cussion due to take place before the end of the year between the two companies on which of the two offers is more profitable, the daily said.

UK NEWS

BL faces cars pay strike as offer is rejected

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

UNION LEADERS at Austin Rover, BL's volume cars subsidiary, last night rejected an improved pay offer and gave notice of a strike from next Monday.

But the negotiators, while giving a militant lead, will again consult the workforce through mass meetings this week. There might be widespread unrest about pay within Austin Rover, but there must be doubts about how prepared workers will be for a strike, particularly in the recession-hit West Midlands.

Mr Grenville Hawley, national automotive secretary for the Transport and General Workers' Union emerged from the seven hours of talks in Warwickshire to denounce the offer as totally unacceptable. The negotiators, accepted it was Austin Rover's final offer, but it was now for the workers to decide.

Austin Rover which is known to be unhappy about the way decisions are taken at mass meetings gave a clear indication it might use new trade union legislation that came into force only last month.

Under part II of the 1984 Employment Act, employers can go to the High Court to obtain an injunction and/or damages to prevent industrial action being taken if it has not been sanctioned through a secret ballot.

Mr Norman Haslam, Austin Rovers employee-relations director, said the company had strongly urged the trade unions to conduct a ballot of all workers. Austin Rover was prepared to involve an independent body, but this suggestion had been rejected by the negotiators.

Austin Rover improved its initial offer, of a 9.4 per cent rise in new money spread over two years to 10.2 per cent. Workers are offered an extra 50p a week in the first year and £1 in the second year.

Increased consolidation of productivity related bonus payments to £5.25 a week, would increase the basic pay of a typical track worker by £22.70 to £130 by November next year.

Meanwhile, the newly-privatised Jaguar car company which faces a walkout by its 7000 manual workers from Thursday in a pay dispute, was making renewed effort to avert a stoppage.

Amoco optimistic about size of new onshore oil discovery

BY DOMINIC LAWSON

AMOCO, the U.S. oil company, has struck oil at Larkwhistle Farm, five miles north-west of Winchester, Hampshire, in southern England. Amoco said yesterday that it was too early to give an idea of the size of the discovery but added, "we think it is very interesting indeed."

The find is about 20km to the west of Humbly Grove oilfield, which is also in Hampshire. That has proven recoverable reserves of about 20m barrels and is the second largest onshore oilfield in the UK (the largest is Wytch Farm in Dorset). The geological structure on which Amoco has found oil is said to be larger than the Humbly Grove.

Amoco has a 50 per cent stake in the discovery. The other half is held by the English oil company Ultramar.

Amoco began a two-week test in the discovery on Friday. This will tell the company the thickness of the oil-bearing zone and how well the oil will flow. Amoco will then apply for planning permission to run an extended test of up to six months, which will give it sufficient information to plan its appraisal of the discovery.

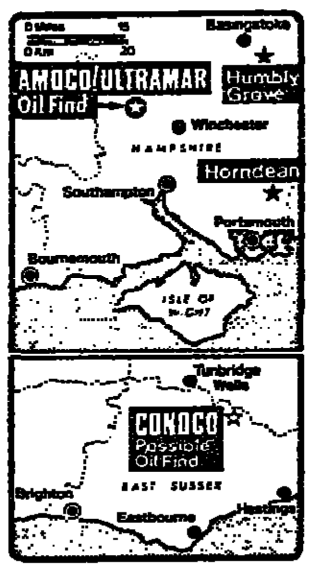
Carless, Capel and Leonard, the UK exploration company, has made several oil discoveries in Hampshire, in the so-called Weald Basin.

Dr Eric Bosshard, the exploration director of Carless, said last night, "This is a superb result by Amoco. It shows that the Weald Basin oil covers a much wider area than had been previously imagined."

The main problem for companies seeking to develop oil discoveries in the south of England has been local anger at possible damage to the environment. Mrs Pat Hooper, the secretary of the Winchester branch of the Council for the Protection of Rural England, said yesterday that the Amoco discovery was on very attractive open countryside. But she said that the area was "not wildly sensitive environmentally."

Mrs Hooper added that Amoco had been "very good at keeping the local people informed."

The south of England's transformation into an outstanding oil province was given a further boost yesterday when it was revealed that Conoco, the U.S. oil company, had found evidence of oil on its exploration well at Wallcrouch in Sussex, about five miles south-east of Tunbridge Wells. Conoco is soon to test the well. If it proves successful, it will give Conoco a record of four successive hydrocarbon discoveries in its recent south of England exploration campaign.



The news of the possible discoveries in Hampshire and Sussex will cause renewed oil industry enthusiasm for the long-awaited first onshore licensing round.

This had been expected this autumn, but the Department of Environment's concern over the terms and conditions of the new licensing system has delayed the announcement of the round. It is not now expected to take place until the new year.

Inquiry into Coles Cranes sale to U.S.

BY KEVIN BROWN

SIR GORDON BORRIE, Director General of Fair Trading, has been asked to report "urgently" on the sale of Coles Cranes of Sunderland to Grove Crane of the U.S.

His report will clear the way for a decision by Mr Norman Tebbit, the Trade Secretary, on whether the sale should be subject to an inquiry by the Monopolies and Mergers Commission.

Mr Alex Fletcher, the minister responsible for corporate affairs, yesterday defended the decision by Cork Gully, receivers for the troubled Acrow Group, to sell Coles Cranes to the highest bidder, but he made clear that the Government had supported an alternative bid by a consortium representing management and workforce, and backed by local authorities.

Labour MPs in the House of Commons yesterday demanded an investigation by the Monopolies Commission, and there were angry criticisms of the receiver. Mr Fletcher said he had asked the Office of Fair Trading for urgent advice on whether the sale merited an inquiry so that a final decision could be made by Mr Tebbit as quickly as possible.

This is the procedure laid down under the Fair Trading Act, although the Secretary of State is not bound by the director general's advice.

Mr Fletcher said the Government had offered financial assistance to the workforce consortium, but "the decision on which bid to accept was a matter for the receiver. At the end of the day he accepted a higher bid from Grove."

Mr Bryan Gould, a Labour industry spokesman, said there was grave disquiet in Sunderland and elsewhere at the failure of Acrow and of the workforce buyout.

Mr Gould said there was a clear case for a Monopolies Commission inquiry since the two companies involved controlled about 80 per cent of the British market for cranes.

He asked Mr Fletcher: "Do you recognise the defence implications of allowing this important British manufacturing capacity to pass into foreign hands?"

Mr Gould suggested that the Government had been closely involved with the workforce consortium and had been ready to invest a substantial sum. He asked: "Did the Department hear anything from the receiver about the American bid and what he proposed to do about it?"

Mr Fletcher told him: "The affairs of a company in receivership have to be resolved between the receiver the company and its creditors, and that is what happened in this case."

Prudential to double household premiums

By Eric Short

NEARLY A quarter of a million householders with the Prudential Assurance Company face swingeing increases in the new year on the cost of insuring the contents of their homes.

These householders live in large areas of London and in the central districts of Glasgow, Liverpool and Manchester, where the Pru is doubling its contents premiums rates on new-for-old cover to £15 per £1,000 of cover – the highest rates charged by an insurance company for this type of cover in these areas.

In addition, those householders will, for the first time, have to pay the first £200 of any theft claim on new-for-old policies, which value lost goods at current prices. Thus the Pru becomes the first insurance company to impose a compulsory excess on contents insurance.

The imposition of any excess in the top rating area only has enabled the Pru to keep premium increases in London and the other cities to what it regards as an acceptable level. Otherwise premiums would been double the new rates in order to maintain the balance.

Mr John Powell, head of Pru's general insurance operations, denied that he was creating "no-go" areas for insurance. Nevertheless, he estimated that some 10 per cent of householders might switch insurance away from the Pru because of the new rates.

All major insurance companies have been or are in the midst of uprating their contents premium rates to combat the rising underwriting losses incurred on contents insurance. The rising crime wave has sent claim payments soaring.

The Pru, through its 9,000 strong agency force, is Britain's largest contents insurer with some 3m householders on its books – 14 per cent of the market. As such it has been badly hit by the crime wave.

The company paid out £16.5m on theft claims from homes in the first six months of 1984 – 22 per cent more than in the first half of last year, compared with a rise or 14 per cent for the UK insurance industry as a whole.

Security for next budget tightened

SECURITY arrangements at the Treasury are to be tightened in advance of next spring's budget, Mr Nigel Lawson, the Chancellor of the Exchequer, disclosed last night.

This move follows the leaking of market-sensitive budget details last March. A report in The Guardian newspaper foreshadowed, among other points, the abolition of tax relief on life assurance premiums and the extension of the scope of value-added tax.

The report led to heavy sales of life assurance policies in the 10 days before the budget, which prompted considerable concern both in the City of London and Whitehall.

Mr Lawson said he understood that "the police investigation of the suspected leak of my budget in March has confirmed that there was an unauthorised disclosure of classified information, although it has not identified the person or persons responsible. In the light of this investigation, new and tighter budget security arrangements have been put in place."

One result is that during the most sensitive period before the budget, Treasury officials will be required to record the names of all contacts, whether in person or by telephone, with members of the press and of other outside bodies.

This is part of a general tightening of security in the Treasury which has developed since last March. In previous years, and particularly when Sir Geoffrey Howe and Mr Denis Healey were Chancellors, there had been a move towards opening up the Treasury to outside contact before the budget.

□ NATIONAL WESTMINSTER Bank is to give its customers a breakdown of quarterly bank charges from next month. It is the first of the big banks to do so.

NatWest will show the maintenance charge, the number and cost of each withdrawal, and the allowance that it gives for balances kept in an account. Customers who keep more than the minimum balances necessary to escape charges will be told that no charge was made.

Mr Philip Girle, general manager in charge of domestic banking, said it had been a major undertaking requiring a significant development of the bank's computer system which handles 50m personal account statements a year.

□ MR ROGER MANFRED, a director of Trusthouse Forte (THF) and chairman, president and chief executive officer of Trusthouse Forte Inc in the US., is to retire from his executive duties.

Mr Manfred, who is in his mid-50s, has said he wishes to concentrate on his other business interests. He is to carry on for the time being as a non-executive director of THF Inc and will remain a director of THF. He was formerly chief executive of the 500-strong U.S. travelodge motel-hotel chain which was acquired by THF in 1973.

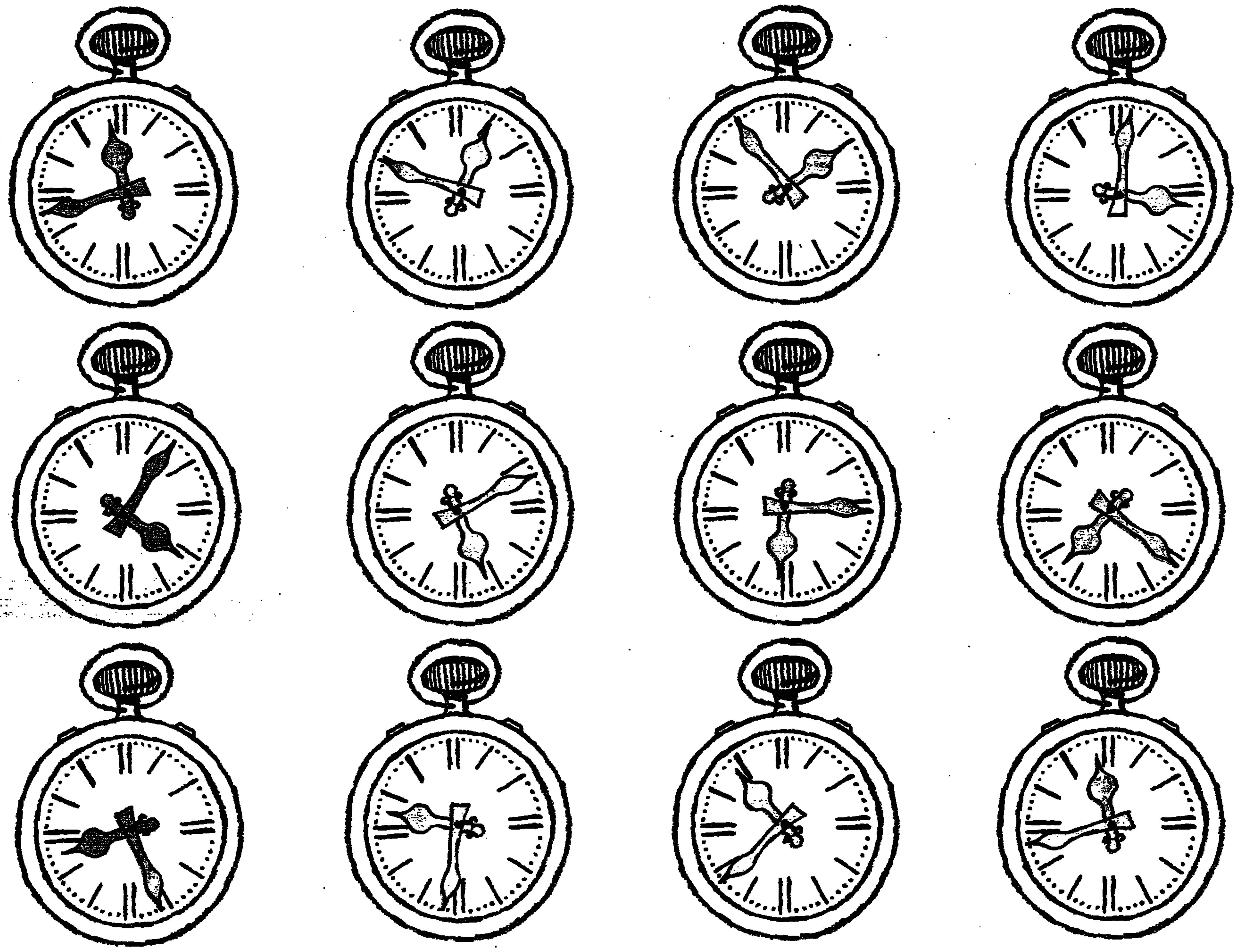
□ WORKERS at Molins tobacco machinery factory near Londonderry, Northern Ireland, began a work-in yesterday in an effort to reverse the company's decision to close the plant as part of a UK rationalisation.

More than three-quarters of the 440 employees reported for work as normal in defiance of company instructions. The shutdown was announced on Friday of last week immediate effect, although the employees will be paid for 90 days.

□ N. M. ROTHSCHILD & Sons, the merchant bankers controlled by the Rothschild family, announced that it had been granted a temporary High Court injunction restraining H. Rothschild Watch, a Swiss company, from selling or supplying in the UK cigarette lighters or any other articles made wholly or partially of gold or silver, or simulated gold or silver, under the name Rothschild.

هكذا منه التكامل

SIEMENS



Every 12 hours: A new mainframe computer, running under the Siemens operating system BS2000, goes into service in Europe.

The more widely distributed an operating system is, the more advantages it offers. This is common knowledge among computer users, and the reason is obvious: it is more worthwhile to generate software for an operating system with many users. And by the same token, a wide range of software gains more users for the operating system.

Freedom to grow

The Siemens operating system BS2000, currently in use in many parts of Europe, not only encourages such a development, but also guarantees any investment made in software products. When an enhancement of computer facilities, or simply an increase in computer power, is made, software investments are only safeguarded if the operating system remains the same. This is the point about BS2000; it covers the full performance range of our state-of-the-art 7·500 series of general-purpose computers, a total hardware program of 10 different models, from medium-sized machines for new installations to the very largest ever developed and produced in Europe.

Real efficiency

BS2000 is also widespread because it is efficient. Diebold, the American statistical research organization, has determined that BS2000 generates 40 percent lower operating expenses than other comparable operating systems, whether staff, system maintenance or training costs.
There are currently over 2,600 computer installations running under BS2000 today.
A base of this size, with its daily increasing number of users, demonstrates quite clearly that for BS2000 the future is already here.

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UK NEWS

NCB'S NEW SPOKESMAN HAS A TURBULENT DEBUT

A long week at the coal board

BY JOHN LLOYD, INDUSTRIAL EDITOR

A WEEK has been a long time in National Coal Board (NCB) internal politics. Mr Michael Eaton, the North Yorkshire area director appointed at the weekend before last as the new NCB voice, and as a special assistant to Mr Ian MacGregor, the chairman, was abruptly silenced yesterday.

He had had a flying start. He took a phone call from Mr MacGregor around noon on Thursday October 18, inviting him to take up his new post. He was in London by early evening. By Saturday, he was briefing the Sunday press on his appointment.

Mr Eaton saw it as wide-ranging. On the one hand, it would be to explain the board's position inside and outside the industry. On the other, it would be to offer advice to Mr MacGregor and the board on the negotiations.

He expected to attend the then forthcoming talks with the pit supervisors' union Nacods. He floated suggestions that the larger dispute, with the National Union of Mineworkers (NUM), could best be attacked by dropping all attempts to define an "uneconomic" pit, and instead by concentrating on a wider definition of an "exhausted" pit.

Interviewed on BBC Radio 4 on Sunday, he praised Mr MacGregor's "courage" in appointing him ("the act of a brave man"). Later that day, he appeared on BBC TV's Money Programme, and was up early on Monday to make a joint appearance on TV-am, the breakfast channel, with Mr Peter McNestry, the Nacods general secretary. He fully expected to be part of the board's negotiating team with Nacods, at least in an advisory capacity, on the next day.

The first day of the Nacods talks at the Advisory Conciliation and Arbitration Service (Acas) last Tuesday saw Mr Eaton remain at his desk at NCB headquarters in London, while his colleagues trooped into Acas. On Wednesday, the Nacods strike was called off. Talks between the NCB and the NUM began last Thursday, again without Mr Eaton.

Mr Eaton was not there because Mr James Cowan, the deputy chairman and Mr Merrik Spanton, the board member for personnel, objected strongly – so strongly that they threatened not to take part themselves if he was part of the team or even, in some versions, threatened to resign. Faced with the pressure Mr MacGregor had little choice but to veto Mr Eaton's presence.

Mr Eaton himself denied reports of rifts within the board over his appointment. He said, in statements and interviews on Thursday, that it had never been intended that he should attend the talks.

Mr Eaton's last media appearance was on Sunday morning, again on TV-am, which showed an interview between Mr Eaton and David Frost, recorded on Saturday. Because it was pre-recorded, neither Mr Frost nor Mr Eaton referred to the Sunday Times report on the NUM's contact with Libya.

Mr Eaton was out of town on Sunday and made no comment on the Libyan connections. About noon yesterday he was informed from the chairman's office that he would not be speaking to the press until further notice.

Two explanations were given publicly for this. The first was that, because of the weekend's events (presumably the Libyan links report), Mr Eaton would say nothing. Accompanying this were unconfirmed reports that the board was considering breaking off the Acas talks due to resume with the NUM – although it was later confirmed that the board would appear at Acas at the appointed time of 10 am tomorrow.

Mr Eaton appears to have been the victim of, firstly, an ambiguous brief about which Mr MacGregor's colleagues, and Mr Peter Walker, the Energy Secretary, knew nothing until after his appointment and, secondly, of subsequent in-fighting by his senior colleagues on the board – led, it seems, by Mr James Cowan, the deputy chairman.

In the past year two mining engineers – Mr John Mills, joint deputy chairman and Mr Don Davies, member for marketing – have been dropped from the board. Mr Merrik Spanton, the self-effacing board member for personnel is – apart from Mr Cowan himself – the only other mining engineer left. Mr Eaton's arrival clearly challenged Mr Cowan – and, for the moment at least, he seems to have defused it.

Michael Eaton: "victim" of internal politics

Distribution of wealth becomes less even

BY CLIVE WOLMAN

THE TREND towards greater equality in the distribution of wealth in the UK has been strongly reversed since 1979, when the first Conservative administration under Mrs Margaret Thatcher took power, according to statistics released today by the Inland Revenue.

They show that the share of marketable wealth (excluding pension rights) owned by the poorest 75 per cent of the population fell from 24 to 19 per cent between 1980 and 1982. In the previous 13 years, from 1966 to 1979, the proportion had risen steadily from 13 to 24 per cent.

The figures are compiled from an analysis of the estates of people who died in the relevant years, with a series of adjustments made in accordance with the definitions of the Royal Commission on the Distribution of Income and Wealth. They are generally accepted as the most reliable indicators of the distribution of wealth.

Over the same period, the proportion of wealth held by the poorest 90 per cent of the population rose from 31 to 49 per cent from 1966 to 1980 and then fell to 44 per cent by 1982.

The yield from capital transfer tax, the main tax on inherited wealth, is likely to increase substantially over the next few years. Statistics compiled for the first time indicate that 83 per cent of the value of the estates of married men which were large enough to be liable to capital transfer tax were left to their wives in 1981. Tax is not imposed on estates transferred between husband and wife until the surviving spouse has died.

Britain banks £440m EEC budget refund

BY ROBIN PAULEY

BRITAIN'S refund from the EEC Commission has finally arrived. Mr Ian Stewart, Treasury Economic Secretary, told a House of Commons select committee last night that the £440m net refund owing to the British Government from the 1983 EEC budget was transferred to a UK account on Friday.

This means that a net amount of about £2.5bn has been paid in EEC budgetary refunds to Britain since 1980. There will be no more such refunds because a change in the EEC funding arrangements means that future refunds will come automatically through abatement of the UK's VAT contributions to the Common Market budget, Mr Stewart told the all-party Treasury and Civil Service Select Committee.

Widespread understanding of this new form of refund had led to unwarranted speculation about the extra cost to Britain if national contributions to the EEC budget were raised from the present level of 1 per cent of total VAT revenue to 1.4 per cent.

The abatement procedure would probably leave Britain still below the present 1 per cent ceiling, Mr Stewart added.

He also warned the committee that supplementary finance for the EEC would be inevitable towards the end of next year because the 1985 budget proposals would be insufficient to cover the Common Agricultural Policy (CAP) commitments. "There will have to be a supplementary budget to deal with the overrun," he said.

Judge imposes deadline over rescue of Esal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CONTROVERSIAL scheme by a consortium of creditor banks to rescue Esal (Commodities) from compulsory liquidation will be rejected by the High Court if it is not presented to the court on November 7, a judge said yesterday.

Mr Justice Harman issued the warning after being told that Esal was not ready to put forward the scheme, which had been listed for sanction by the court yesterday.

The judge said that a petition to wind-up the company, presented by London & Overseas Sugar (LOS), would also be heard on November 7.

Mr Gabriel Moss, for London & Overseas Sugar, petitioning as a creditor for £1.4m, said it had just received evidence from Esal disputing LOS's whole debt – despite the fact that in the scheme there was an admission that Esal owed LOS $3.3m.

Miss Mary Arden, for Allied Arab Bank, which supports the petition and opposes the rescue scheme, said that the absence of evidence about new assets, referred to in the scheme, supported the view that the scheme was unviable.

Mr John Brisby, for Allied International Bank, another petition supporter, said that many creditors were worried about the nature of the new assets. Requests for information had been met with "a wall of silence," he said.

Counsel for Middle East Bank, a creditor for $24.4m, said it had originally supported the winding-up petition, but had now changed over and supported the rescue scheme.

Mr John McDonnell, QC, for Esal, complained that creditors opposing the scheme had had "a field day" making allegations unsupported by a shred of evidence.

More than 75 per cent of Esal's creditors had voted for the scheme, he said.

Mr John Mummery, for the Inland Revenue, said he was concerned that the scheme made no provision for Esal's tax liabilities.

Among those supporting a winding-up is Credex International, a creditor for $1.8m. Scheme supporters include Export Antwerp, creditors for $5.7m, Central Bank of India ($49.5m) and Beghin Say.

Esal had debts of about £200m when it stopped trading earlier this year.

Massa to sell Austin Rover cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE MASSA supermarket chain of West Germany opened 22 car dealership yesterday which will exclusively sell models from Austin Rover, *the state-owned BL's volume* car subsidiary in Britain.

Massa, with an annual turnover of about £1bn, has spent about £5m on the dealerships, which are on sites that also accommodate the group's hypermarkets, travel agencies, estate agencies and other retail outlets.

Such is the strength of the Massa organisation that Mr Mark Snowdon, Austin Rover's managing director (commercial), maintained that his company would double its car sales in West Germany, even though the new outlets represent only a 10 per cent addition to the 198 German dealers previously holding the franchise.

Last year Austin Rover sold 4,014 cars in Germany for a 0.16 per cent market share, down from 4,156 or 0.19 per cent in 1982. Mr Snowdon said yesterday: "With the range of cars we are producing today we believe we can make a significant inroad into the German market. Although our share is currently very small, we hope to achieve a 1 per cent penetration by 1986."

The deal has upset some of the long-serving dealers in Germany, many of whom also hold franchises for other makes. But Mr Trevor Taylor, Austin Rover's sales and marketing director, said something had to be done if the company was to make any impression in Western Europe's largest car market, with 2.42m registrations last year against the record 1.79m in the UK.

"Our network was awful. Dealers have been selling fewer than 28 cars a year each on average," Mr Taylor said. This was partly due to the fact that "Germans buy German products" and that the images of both British goods and Austin Rover in Germany were poor.

Mr Taylor said about 27,000 car buyers a week visited each Massa outlet. The company's range Metro, Maestro and Rover – would be strengthened by the addition of the Montego, which went on sale in Germany yesterday and the Rover 200, based on the Honda Ballade.

The push into Germany is part of Austin Rover's plan to reduce its dependence on the UK market by building total European continental sales from about 80,000 last year to between 150,000 and 170,000 annually in three to four years' time.

The company paved the way by reorganising its operations in Germany last year while at the same time disengaging them from those of Jaguar, the luxury car group recently sold back to the private sector by BL.

Suzuki personal import scheme halted

BY JOHN GRIFFITHS

JAPAN'S Ministry of Trade and Industry (Miti) has intervened to halt personal imports to the UK of Suzuki cars from the Netherlands through Trojan Trans-Europe, a company owned by Mr Peter Agg who is also chairman of Heron Suzuki, the official UK importer.

Mr Agg said he was "very bitter" at the decision. He claimed that the Japanese had over-reacted to reports that the scheme was exploiting a loophole in the Anglo-Japanese "gentlemen's agreement" which restricts Japanese car imports to 11 per cent of the UK market. Personal imports are not covered by the agreement.

Despite being the head of both companies, Mr Agg has insisted that both import operations have been completely separate.

The scheme had centred on a light four-wheel-drive model which has been particularly successful in the UK and for which there is a waiting list of several months.

Suzuki's 70-strong dealer network encouraged frustrated would-be buyers to make personal imports via Trojan. All paperwork was completed by Trojan and buyers were escorted by courier to pick up right-hand-drive vehicles from stocks held in the Netherlands.

Miti's decision to block shipments of the cars destined for the Netherlands supported, apparently, by the Japanese Automobile Manufacturers' Association – illustrates that the role played by the Japanese Government in the conduct of the Japanese motor industry is stronger than has been widely appreciated.

Paradoxically, the decision – taken, said Mr Agg, on the basis that "the Japanese do not want to antagonise anyone" – is at odds with an EEC directive due to come into force next year designed to make vehicles more available within the Community as a spur to price competition.

Mr Agg has refused to say how many vehicles have been imported through Trojan. He has described the company's activities as covering any type or make of vehicle.

Directors object to EEC's plans for worker participation

BY WALTER ELLIS

STRONGLY-WORDED opposition to two proposed changes in EEC company law affecting the rights of management and workers will be expressed to a House of Commons committee today by the Institute of Directors (IOD).

The IOD, which has 30,000 members throughout British industry, believes that proposals from Brussels aimed at extending employee consultation and increasing worker participation in management are simply disguised attempts at social engineering, "irrelevant to the creation of a true Common Market and the generation of new employment."

While welcoming the rapidly increasing use in the UK of employee consultation, the IOD feels that the so-called Vredeling Directive, under consideration in Brussels, "would impose on all companies over a certain size a straitjacket designed for only some and would seriously undermine the competitive position of British business."

The proposed Fifth Company Law Directive on worker participation is similarly dismissed. The IOD claims that the directive would make it extremely difficult for management "to take the necessary decisions with the required speed at a time when maximum flexibility in response to changing circumstances is an essential prerequisite of economic recovery."

In a paper to be presented today to the House of Commons Treasury and Civil Service committee into the financial and economic consequences of British membership of the European Communities, the IOD concludes that the real obstacle to joint industrial undertakings in Europe "is not inadequate harmonisation of company law, but inadequate consolidation of the internal market."

The Institute of Directors, not surprisingly, reaffirms its commitment to British EEC membership. But it stresses that the UK's success or otherwise will depend on a sound home economy and radical reforms of how the Community is run.

It believes that the most important task facing the EEC is the establishment of a single European market free of internal barriers to trade in goods and services.

It says it is "deeply concerned" about the alleged failure of the Community to implement major parts of the Treaty of Rome in this area. It adds that there has been "a lack of serious political commitment to the revitalisation of the European economy."

A recent survey of IOD membership revealed that only 24 per cent of those questioned felt that British membership of the Community had resulted in any tangible benefit for their company.

Broker predicts nearly 5m jobless by 1987

BY MICHAEL PROWSE

ALMOST 5m Britons will be without real jobs by 1987, Grieveson Grant, the stockbroker, says in its latest economic review. It forecasts unemployment of 3.8m by 1987 with a further 1m individuals on special employment schemes.

Total unemployment is expected to rise by 800,000 over the next three years, even though Grieveson is forecasting average economic growth of 2.3 per cent a year over the period. Two thirds of the rise in unemployment will reflect a bigger supply of labour caused by demographic trends, it adds.

The broker argues that a further expansion of special training schemes will not solve the problem. The cause of unemployment is a lack of jobs, it claims, not a labour force which lacks skills.

The Government's "microeconomic" policies to reduce unemployment – changes to corporate taxation, for example, or measures to increase the flexibility of labour markets – will take at least a decade to reduce significantly the level of unemployment.

It is "misleading" of Mr Nigel Lawson, the Chancellor of the Exchequer, to suggest that high real wages are the cause of high unemployment, Grieveson adds.

The present unemployment rate probably has little to do with recent wage increases which have lagged behind productivity, it maintains. Mr Lawson "needs to do a great deal of empirical work" to back his claim that wage cuts would help.

Grieveson appears to hold out no hope of a fall in unemployment before 1987. The lack of simple cures will intensify pressure for reflation yet this would only "boost inflation while offering little serious prospect of any permanent new jobs."

Hints at the recent Brighton conference that the Conservative Party might be more ready to contemplate reflation led to a sharp rise in the price of index-linked government securities, Grieveson points out, which shows the fragile state of inflation expectations.

A separate report published yesterday was pessimistic about inflation. Cambridge Econometrics, the forecasting firm, expects static productivity higher wages and the falling pound to result in a sharp rise in UK inflation next year to about 7 per cent.

It also forecasts that the revival of UK manufacturing will peter out and that 1988 will be a year of worldwide recession. By the early 1990s, as oil exports dwindle, the UK will again face balance of payments crises.

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THE ARTS

Hong Kong's Asian Arts

To anyone visiting Hong Kong for the first time, the city is many things, all of them irresistibly exciting: a teeming agglomeration of co-existent opposites, of Western surface and Eastern core, of glittering commercial heights and abject, jam-packed slum depths, of concrete canyons with ancient temples in their midst, or urban turbulence and pastoral peace, mainland and island, land and sea water. It must occur to few first-time visitors to call the city a "cultural desert"; if anything, the confrontation of cultures is an experience almost too various, vivid and crowded to be absorbed all at once.

Yet, until at least the middle of the past decade, "cultural desert" was a phrase on the lips of many Hong Kong residents. Two main factors have been responsible for the watering of the desert. One has been the generous provision of buildings, most (not all) by the Urban Council, in which artistic events of widely different kinds could be housed—Hong Kong has, I would guess, the largest number of recent, new, or still-rising auditoria of any world city of comparable size or population. The other has been the provision of festivals—and the Chinese taste for festivals of all kinds must have been an encouragement here—in which those venues could be shown off at peak activity. The Film Festival is a spring event; the Arts Festival (on which Antony Thorncroft reported in these pages a couple of years back) is an annual "international" compilation running for a month or so in the early part of the year.

Perhaps the most adventurous, certainly the most specifically oriental festival is the third, the Festival of Asian Arts, currently (October 18-November 4) well into its ninth season of existence. The full title should really be amended to "Arts of Asia and the Pacific," for the professed intention is to range widely across that prescribed area, and in the nine festivals it is being fulfilled. Twenty countries have so far sent representatives—Turkey in the west, Tahiti (a newcomer this year) in the east, Japan, Korea and mainland China in the north and Australia and New Zealand in the south have touched in the main points of the festival compass.

The motto is to "educate as well as entertain," to "enhance understanding, friendship, and closer relations" throughout the region. At this particular point in Hong Kong's history, it hardly requires an unusually gifted observer of foreign affairs to appreciate the significance that such aims can acquire, beyond the immediate confines and impact of each festival bill of fare.

As a guest of the festival, able to spend no more than the five opening days sampling wares, I was thrilled beyond measure by the experience: education and entertainment were acquired in the most painless and colourful manner imaginable. Hong Kong's is not the world's only "ethnic arts" festival (the sterling work of Durham, much nearer at hand and worldwide in its scrutiny, should not be forgotten). But the location is incomparable, and the ability to use the advantages of place and theatrical site to permit a schedule varied and balanced was shown, even on this first, short encounter, to be carefully and (for the most part) accurately judged.

The revelation of these first five days came with the Minang Dance Group from western Sumatra. As ever in such things, the term has to be stretched, in western comprehension, to accommodate dancers who are also instrumentalists, players who also sing, and a musical presence every bit as glowing and potent as the visual. The dance was, for the most part, a choreographic selection of traditional dance and mime elements; an amateur first introduced to Indonesian arts by the Javanese visitors to London a couple of years ago was able to note here an overall similarity of style inflected by divergences of detail.

These could be most fully observed in the two high points of the Minang programme, a sensational Plate Dance—rice bowls whirled around in softly athletic motions that never once struck out for "effect"—and, as a long finale, a summary of a traditional Minangkabau village celebration built up in episodes of song, martial jousting and movement. This was brought to an enthralling climax at the point where the full company (seven each of males and females) sat in a cross-legged line while heads, arms and torsos wound in and out of each other with the precise mechanical ease of Radio City chorines. Costumes—rose and coral pink, brilliant yellow, black—and bodies and faces combined pride, boldness and sweetly reticent beauty of line in a way to leave images glowing in the mind for days afterwards.

As did the sounds and sights of two Cantonese opera performances, *Dream of the Red Chamber* and a comedy, *Happy Affair at Hua Tian* — but for rather different reasons. The visitor to Cantonese opera who has not a word of Cantonese, and is further handicapped by a limited ability to appreciate the very special timbre and delivery of the Chinese soprano voice, must take his pleasure in rather more haphazard fashion: from the colour of the spectacle, from the minutely calculated patterning of make-up and costume movement (those wonderfully expressive long sleeves!), from the manner in which all the familiar elements of the European popular opera, dialogue, recitative, aria, and so on, are shuffled into an entirely unfamiliar form. (Even the audience, chattering away between whiles, wandering in and out, snapping away with cameras, seemed the modern Chinese evocation of its 18th-century European counterpart.)

Chor Fung Ming Opera Troupe: a scene from 'Happy Affair at Hua Tian'

A closer point of contact was provided by the Hong Kong Chinese Orchestra. Founded in 1977 by Ng Ta-kong, it assorts traditional Chinese musical instruments into orchestral departments after the 19th century European Romantic model (the "Chinese orchestra" in this sense is about 50 years old). Bowed and plucked string instruments ranged by pitch, wind (but no brass), percussion, and also two varieties of keyboard "continuo" added up to a sonority at once orchestral and startlingly unlike what the term usually conveys — the prevailing brightness and vibrancy of timbre and the absence of intermediate and blended shades did as much as anything else in the five-day period to impress on these ears the sheer "differentness" of the festival experience.

From the items of the programme, and generalising wildly, I would guess that the repertoire of the Chinese orchestra is still in its "early Mannheim" phase, with masterpieces yet to be written. But a London audience might find a visit by the Hong Kong Orchestra a delightful and fascinating novelty.

It was strange to gorge oneself on the pleasures of the festival (which also include exhibitions and free open-air presentations of each festival company) while reading in the local Press complaint of "the mixture as before," of budget (an estimated 3.8m Hong Kong dollars) not well spent, of seats unsold, and of certain programme choices ill-advised. In the case of the opening choice, an evening of dreadful nationalistic-kitsch in vaudeville form from the Philippines, the comment was accurate; but of the festival as a whole it seemed small-minded. Perhaps component parts need oiling, but the enterprise as a whole deserves the greatest local cherishing and preservation. And perhaps the time has come to attract a few more European visitors; from the recent successful proliferation of "ethnic" events in London, one knows that there exists here a body of generally-interested spectators capable of being wooed eastwards.

Max Loppert

Wexford Festival—1

David Murray

The charms of Wexford and its besotted opera-lovers is unfailing in even the dicest weather, veering between Arctic rain and luminous blue skies. The Festival Fringe has expanded, with midnight recitals and cabarets acknowledging the visitors' reluctance to go to bed. In daytime there are programmes of semi-staged operatic "Scenes" to let members of the hand-picked chorus show their solo paces; and the star singers and the orchestral players can regularly be found receiving compliments and discussing interpretation over drinks in White's or the Talbot Hotel.

The main menu again offers a trio of rare operas, excellently contrasted (Massenet, Cimarosa, Smetana) and enhanced by the Artistic Director's genius for casting—the Festival budget can't run to great names, but Elaine Padmore has a notable gift for finding the right singer for the right role. It is harder to outguess the whims of producers: this year Cimarosa arguably suffered (more about that tomorrow) where Massenet and Smetana throve in devotedly faithful stagings.

Le Jongleur de Notre Dame, Massenet's 1900 "Miracle in three acts," recounts the pious tale of the juggler-turned-monk who scandalises his brethren but delights the Virgin by performing his act—the only prize he has to offer—before her statue in the Abbey of Cluny. He expires at once, blessedly of course. Even some of the faithful might fear this to be indigestible stuff, given that the naif portrait of the Juggler is neither distanced by irony nor leavened by honest humour. There is no female principal. It is an expertly concise score, however, and nothing like so sugary as expected — though two or three gestures borrowed from *Parsifal* sound like tempting fate.

It is a late work, and unusually for Massenet he wrote it for no immediate commercial prospect. He was sent the libretto anonymously (it proved to be by Maurice Léna, a Professor of Philosophy), was charmed, and set to composing it forthwith. There must have been some self-identification with the Juggler and his humble market-tricks: Massenet had good reason enough to view himself as just a professional, exercising his *métier* with practised skill. Hence, perhaps, the blandly kind sketch of the Juggler; but there is also a good stern Prior, and an earthy cook Boniface, and some more rigorous fervour in the music for four monks who pursue more elevated arts.

On the first night it seems that the ailing Patrick Power, as the Juggler, ran out of voice (not inappropriate for the story, but inconvenient for the music). By the weekend he was able to wield his stylish tenor to much better effect, serious and touching, though his dexterity hasn't developed beyond page 3 or 4 of "Juggling for the Complete Klutz." A certain expressing restraint might have been medical prudence, but might equally have resulted from his evident care for the vocal idiom and its limits.

Visiting from Leningrad, Sergei Leiferkus delivered Boniface's monologue powerfully rapt rather than rumbustious. Christian du Plessis rang out firmly as the Prior, if his appearance was over-youthful, and among the four artist-monks John Cashmore and Grant Shelley had the best opportunities and seized them well. The small chorus of monks was first-rate, despite plastic bald pates that suggested endemic Benedictine ringworm. In Johan Engels' crisp, taking designs, Stefan Janski staged the tale with pretty fidelity, not even shirking the final kitsch vision of the Virgin with angels.

Smetana's *The Kiss* is another late work, aglow with yearning after a simpler life. Albert Rosen conducted the rather sumptuous score—all generous humanity, not very responsive to the surface battles of the stiff-necked lovers which supply the plot—with as much sympathy as Yan Pascal Tortelier brought to Massenet. Marie Slorach's experience in this repertoire, and Eduardo Alvarez's lusty, husky tenor, brought the lovers to credible life in Toby Robertson's clean, spare production. They had lively support all round, especially from Patricia Johnson's local Auntie Mame, Richard Robson's dashing smuggler and the bright servant-girl of Nancy Hermiston.

As a comic-dramatic piece *The Kiss* needs a lot of good will, or at least the fortification of Czech nostalgia. The tale is peasant-plain (girl won't kiss her affianced widower until properly wed, widower kisses another instead, mutual recriminations follow—and a wholly improbable excursion by girl into amateur smuggling). Smetana lavishes warmth and good polka-tunes on everything; if not excited, one is nonetheless roundly disarmed.

Mysteries of Watteau in Paris

Of all the great painters, Antoine Watteau is one of the most tantalising and elusive in his work, one of the most markedly inconsistent. There is no rule which says that an acknowledged master may only paint masterpieces. But with Watteau we must face that negative truth rather more squarely than usual, so contrary and ambiguous does he appear to be even in his most accomplished works.

He is, I must confess, one of my favourite artists, one whose work regularly stops me in my tracks when I come upon it unexpectedly, or draws me out of my way to see it: and its fascination, its haunting imaginative power, seems only to increase for me the more I see of it and yet fail to reconcile its manifest virtues with its shortcomings.

He is the most seductive of draughtsmen and yet so often the most off-hand, if not actually slip-shod, with the most delicate and exact of observation, that catches every nuance of gesture and expression, teetering away abruptly into empty, unresolved form and casually mannered notation. Some of the drawings are yet so perfect they take the breath away, ravishing the senses with wonderful ease and economy that amount almost to presumption.

And so too the paintings, exquisite conjurings of mood and atmosphere and psychological intensity, erotic innuendo hanging in the air like smoke on a still day. Some of them indeed are all but flowless and we move on to the next to find awkwardnesses that jar the eye, formal problems again unresolved, perspectives and proportions that are out of key, figures that sit oddly in the space allotted them. It was Walter Pater who said that "All art constantly aspires to the condition of music"; and, as in music, such discords are not necessarily unpleasant or misconceived.

Pater was speaking there apropos of the School of Giorgione, and somewhat ironically in this connection, of the indistinguishability in music of the matter from the form. More to the point, in a later study, he concludes an "Imaginary Portrait" of Watteau with the following rather elegiac comment: "He was always a seeker after something in the world that is there in no satisfying measure, or not at all." And perhaps it really is with Watteau this quality not so much of loss, exactly, as of an achievement which can never quite be grasped, that slips through the fingers as they close upon it, in which resides the peculiar, melancholic force of his work.

It is certainly possible say, pace Pater, that all art aspires towards a condition of melancholy; for it is in art, and in the concentrated experience it affords us, that we may consider something of the essential evanescence of the human condition, and our own particular vulnerability: not strange at all how potent cheap music is.

Watteau stands at a most particular juncture in the history of art, the turning of the 18th upon the 17th centuries with all that is thus implied of shifts and modulations in the general cultural sensibility, as the times moved on into no less hedonistic but rather more secular an age. This is the third centenary of his birth at Valenciennes, again on a cusp—between French and Flemish influence—and it does not do for us, who would take him as so quintessentially French an artist, to forget that provenance. He went to Paris and into the orbit of the Court, flourished for too short a spell, and died of consumption in 1721, at the age of 37.

His early work clearly shows up the importance to him of that Flemish example, and if from Rubens he was to take up certain themes and ideas, most notably the thought of the Garden of Love, and in some of the later work a certain fullness of composition, it was rather more to the later Dutch and Flemish painters that he looked, to Teniers the Younger for example, and to Wouwermans (an unaccountable omission from the Dutch genre show at the Academy), for the small scale on which he worked, and the possibilities of genre material.

But Watteau was never entirely content with the merely everyday, for there is ever present in his work an air of fantasy and romantic daydream of an ideal world. No wonder that he was so struck with ideas of the Garden of Love, and the Concert Champêtre, and amorous dalliance beneath the trees, ideas that were by no means new and which take us back indeed rather beyond Rubens all the way to Venice and Giorgione, another tantalising and elusive artist.

Where Watteau moved on, however, and taking the ideas with him, made them his own, was in his dispensing instinctively with the distancing device of classical allusion. There were distancing devices left him even so, most especially the generalised and theatrical locations, those Claudean arcades, terraces and glades in which he set his tableaux for he was indeed a child of the 17th century. But these are real people, for all their fancy dress, going about their delicate, discreet, hopeful business beneath the trees. L'enchanteur with his pair, L'aventurière from Brodrick Castle, Le repos gracieux, Amusements champêtres, Récréation galante, Les plaisirs du bal—such titles tell us all too much, as they tell us so little, about what goes on.

And it is the nicest paradox that so many of the most perfectly theatrical of the paintings should be the most openly realistic and accessible, as though by virtue of their costumes the actors of the Commedia dell'Arte and the Théâtre françois would step out on to their stage tonight.

The great exhibition of the drawings, paintings and engravings of Watteau, that now occupies the principal galleries of the Grand Palais in Paris (until January 28—it was in Washington in the summer, and goes on to the Charlottenbourg in Berlin in the spring), is by no means exhaustive. A great many of the finest works are held in collections that by statute may not lend them, and there have been besides, of course, a number of hiccoughs, disappointments and rebuffs that have kept other masterpieces away. So the Petit Journal to the exhibition rather tartly puts it (the magnificent catalogue, at nearly £20 and half a ton, is far from petit), "For other reasons, we have not been able to obtain the loan of the two marvellous canvasses in the Dresden Museum, and a few refusals (Edinburgh, London) have deprived the Parisian public of certain master-works." Well, well: so much for the entente cordiale.

Detail from 'La Famille' by Watteau

But the show comes to an extraordinary climax, nevertheless, for hung together within an arm's length, or so it feels, are the four great masterpieces of Watteau's last years, when it seemed that his ambition was regenerating itself as he took on and mastered a more ample scale, and more complex material. Here, side by side, from the Louvre and the Charlottenbourg, are the two versions of the most comprehensive of his reveries, The Pilgrimage and The Departure for Cythera, which is the Island of Love. From flirtation to courtship to acceptance, the gentle procession winds over the brow of the hill in the evening sun and so down to the enchanted boat.

And then the day-dream is broken as we turn to the extraordinary figure of Gilles, the Pierrot of the Commedia dell'Arte, full length with his companions below and behind him, at once one of the grandest of portraits in all art, and one of the most poignant in its humane understanding. But that is not all, for between Cythera and Gilles hangs the last masterpiece of them all, the diptych shopsign that Watteau painted in the last year of his life for Gersaint, his dealer friend who sold pictures from an open arcade on the old Pont Notre-Dame. The young gentleman hands his lady up the step; the connoisseur kneels to peer closely at the canvas; another young lady gazes at herself distractedly in the mirror as she sits at the desk. Some things do not change very much.

William Packer

Yefim Bronfman/Elizabeth Hall

Dominic Gill

The young Russian-Israeli pianist Yefim Bronfman has made a number of concerto and chamber-music appearances in London since his debut in 1981, but Sunday afternoon's was only his second solo recital on the South Bank. He is a big pianist, with powerful fingers. The articulation has splendid clarity, especially in fast and rhythmically complex music, and there is a powerful rhythmic drive; the platform presence is relaxed and confident.

He introduced Beethoven's D major sonata op. 10 mo. 3 with a presto of impressive resolution and cogency. Ideally, perhaps, a slightly less top - noted, top - weighted sonority could have given this movement, and the great largo, a richer harmonic underpinning—but that's a small reservation, and hardly touches on the real strengths of the performance: energy, clarity, firm and careful exposition.

I should like to hear Mr Bronfman one day begin the Menuetto another way: a shade more quietly, half a shade more slowly, rising like a mist, almost *attacca*, from the largo. Nothing the score forbids it.

Bronfman continued with all of Chopin's op. 10 Etudes. Insecure and showy pianists (like Andrei Gavrilov last week) play the opening C major Etude just faster than they can manage with clarity; Bronfman's tempo was exactly right, every semiquaver cut in crystal, but balanced excitingly on a razor edge.

He is also better at *phrasing* tenderly than finding a precise and tender sonority: a more finely integrated chord-sense, less relentlessly top-noted, would have helped match the sound to its physical frame in the E major and E flat minor Etudes—

That's an unusual tendency: most pianists *sound* much better than they phrase. His account of the Prokofiev sonata was exceptionally well crafted and intelligent—but the sound was curiously unsensuous, unmagical; and the finale particularly, though it did not lack breadth and impetus, never revealed even a passing grain of its humeur. For a perfect match in Prokofiev, combine, say, Ivo Pogorelich's instinctive buoyant sensibility with Bronfman's discipline and command of line.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 26–Nov 1

Opera and Ballet

ITALY

Trieste: Teatro Comunale G. Verdi: Saint Saens' Samson et Dalila sung by Carlo Cossutta and Maria Luisa Nave conducted on Tue by Pinchas Steinberg. (63.19.48).

NEW YORK

Metropolitan Opera (Opera House): The season's first Manon Lescaut conducted by Nello Santi joins the repertory, which includes La Bohème in the local conducting premiere of Placido Domingo, as well as Jean-Pierre Ponnelle's new production of La Clemenza di Tito conducted by James Levine and starring Renata Scotto, Tatiana Troyanos and Kenneth Riegel; and Julius Rudel conducting Otto Schenk's production of les Contes d'Hoffmann. Lincoln Center (362 6000).

New York City Opera (New York State Theater): The week features performances of Frank Corsaro's production of La Traviata conducted by Klaus Weise; Lakmé with soprano Gianna Rolandi, mezzo-soprano Susanne Marsee and tenor Barry McCauley as directed by Fabrizio Melano and conducted by Imre Pallo; The Magic Flute, Mefistofele, and Cavalleria Rusticana / Pagliacci. Lincoln Center (870 5570).

VIENNA

Staatsoper (5324/2655): La Traviata conducted by Guadagno with Gruberova; The Magic Flute with Mathis, Rysanek, and the Vienna Boys Choir; Cosi Fan Tutte in a new production conducted by Leinsdorf with Coburn, Danial, Watson, Hynnien, Dickie and Kerns.

Volksoper (5324/2657): The Bartered Bride; Die Fledermaus.

WEST GERMANY

Berlin, Deutsche Oper: Janacek's rarely played Aus Einem Totenhaus returns to the programme. Salome is steered to triumph by Karen Armstrong in the title role. Lucia di Lammermoor is conducted by Carlo Franci and has Lucia Liberti and Piero Visconti in the main parts. Jenufa has Gabriela Benackova making her Berlin debut in the title role. Der Troubadour, conducted by Herbert von Karajan, rounds off the week. (34381).

Hamburg, Staatsoper: L'Ormindo, by Francesco Cavalli has fine interpretations by Jerrold van der Schaaf in the title role and Daphne Evangelatos as princess. There are two Wagner operas on offer this week, Die Meistersinger von Nürnberg with Bernd Weikl as well as Der Fliegende Holländer. Franz Ferdinand Nentwig in the title role and Sophia Larson as Senta. (351151).

Cologne, Opera: Murieta composed for the Cologne Opera by Jens-Peter Ostendorf, a young German, is based on Pablo Neruda's drama Death and Glory. It describes the life of Joaquin Murieta as a Chilean immigrant in California. Produced by Hans Neugebauer, the opera has Allan Evans in the title role with Delores Ziegler and Matthias Hölle singing other leading parts. The musical director is Steuart Bedford. Further performances are Die Entführung aus dem Serail and Die Verkaufte Braut with Hans Protschka. (20761).

Munich, Bayerische Staatsoper: Das Liebesverbot is a Jean-Pierre Ponnelle production. La Cenerentola convinces thanks to Agnes Baltsa, brilliant in the title role. Carmen is worth a visit with Stefania Toczyska, Julia Varady and Vladimir Atlantow. (21851).

NETHERLANDS

Amsterdam, Carre Theatre. The last four performances of the highly successful revival of the National Ballet production of Romeo and Juliet. Booking advisable. (225225).

Amsterdam, Stadsschouwburg. Netherlands Opera presents Jommelli's La Schiava Liberata directed by Rhoda Levine with the Tafelmusik Ensemble conducted by Alan Curtis. (242311).

LONDON

Royal Opera House, Covent Garden: Carmen, a decade-old production now beginning to show its age, introduces to London the title-role performance of Teresa Berganza (of whom the same might be said); José Carreras, Valerie Masterson and Giorgio Zancanaro are the other principals, and Jacques Delacôte conducts.

Sadler's Wells Theatre: The annual short season of Handel Opera has as its two works two of Handel's most fertile, dramatically lively, and musically rich scores – Radamisto and Imeneo. (278 6916).

WASHINGTON OPERA SEASON

With seven productions, four of them new, the Washington Opera opens its most ambitious and longest season following the company's first appearance abroad at the Edinburgh Festival.

Highlights of the season, which lasts until February, include Jean-Pierre Ponnelle's production of Le Nozze di Figaro in a co-production with Paris conducted by Daniel Barenboim and a new production of L'Italiana in Algeri, with François Loup as Rossini's comic Mustafa as directed by Leon Major and conducted by Joseph Rescigno.

Revivals in the 72-performance season include Menotti's The Medium & The Telephone, the production invited to Edinburgh, and Brian Macdonald's production of The Rake's Progress. Like a number of American operas, the company introduces English surtitles projected above the stage for productions sung in foreign languages.

Information on the first two productions appears in the Opera listing. Kennedy Center.

FRANK LIPSIUS

Polish theatre / New York

Frank Lipsius

While 300,000 Polish emigrees over the past five years have contributed to the arts of America and Europe, the need for translation, venues and productions leaves Poland's great contemporary theatre at a disadvantage with the more accessible and immediate visual arts.

With the founding of the Polish Theatre Institute in New York, Polish plays may now begin to move across the Atlantic and show just how penetrating and exciting the theatre in Warsaw and Krakow has been – and to some degree remains, despite domestic stringencies.

The phonetic pronunciations for the Polish names in the programme indicate the didactic nature of the new enterprise, whose initial performances at La Mama are in English with more Greek than Polish actors, but with full Polish participation in the choice of plays, scenic design, background music and financial support.

Undaunted by the difficulties of mounting repertory theatre in America, where even established companies have had to cut back on running more than one show at a time, the new Polish group is putting on two plays. The more ambitious, Slawomir Mrozek's *Alpha*, bears directly on Poland today, with its mustachioed eponymous hero looking as much as he sounds like Lech Walesa.

The setting is an elegant but run-down country estate where a national leader is being incarcerated after the military takes over a country which had a short happy period of freedom before the crackdown. Confronted with a number of people, from a colonel who represents the new regime to a tortured colleague ready to capitulate, the leader remains impassive until the jailers divert him with Eta, a prostitute who normally circulates among the highest ranks of government.

The most telling encounter is with a writer who accepts the regime's offer of exile despite Alpha's contempt, which the writer attributes to Alpha's unique role as the symbol of the revolution. While the writer contends that for himself and the revolution it is better to continue working abroad than remain silent at home, he also tells Alpha that as a symbol of the country's cherished freedom, he lacks the mobility others retain.

Mrozek, himself exiled in France, writes with a subtlety that is not completely grasped in director John Beary's production. Tom McLaughlin has the features, and even gestures, of a slightly taller Walesa, pacing the room like a caged tiger, raging at his confinement and the seeming betrayal of others. Mrozek's words, however, are, like Walesa's, beyond anger.

Alpha can argue effectively with a capitulating priest and nod when a foreign reporter puts words in his mouth about the worldwide revolution Alpha is becoming a part of. But with colleagues and Eta, he has a human side recognisable to neither the priest nor the journalist, the clerical and secular idealists. Alpha ultimately dies when he chases Eta, who is shot running out of the door as a jilted lover. Though not the glorious end expected of the good revolutionary, it acts as preparation for the final irony, when the military regime adopts Alpha as its symbol.

Alexi Mylonas is a shrewd representative of the new regime, and Victoria Gadsden a statuesque Eta, while the set by Polish artists Andrzej Czeczot and Janusz Kapusta captures the best of Poland's shabby dignity.

Tamara Karen's *Who Was That Man?* uses the writing of paediatrician Janusz Korczak to remember a Jew who died during the war when he voluntarily joined the 200 youngsters in his orphanage on a trip to the death camps. A sad and moving tribute, the play is a difficult one-hander that Philip Pleasants plays with more deliberative respect than spirit.

If the Polish Theatre Institute continues to translate and bring contemporary plays to New York, it will do a vast service to Poland, which needs to be understood more than pitied.

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Reforming Unesco

WITHIN THE next few weeks the British Government — and perhaps others — are going to have to decide whether to follow the example of the U.S. and give notice of leaving Unesco, the UN agency charged with responsibility for the international dissemination of science, education and culture.

Under the rules of the organisation, a decision to withdraw has to be notified 12 months in advance. The U.S., which provides about 25 per cent of the agency's budget, announced its intention of leaving some time ago and it is almost certain that it will be out by the end of this year, though it is technically possible that the decision could be rescinded.

The official British position is that no decision has yet been taken. The Government sympathises with the American view that the agency is excessively bureaucratic, possibly corrupt and has become heavily over-politicised for example, in its pursuit of a new world information and communications order which could lead to the licensing of journalists and, in effect, the international legitimisation of state censorship. There is a great deal or other nonsense in some of the Unesco statements, and some of them are pure gobbledygook.

Objectives

Yet there is another way of looking at it. The original aims of the agency — the spread of literacy, for instance — are entirely laudable, and perhaps even more attainable in an age of television satellites. It would also be something of a political act to withdraw from an agency that, however imperfect, is part of the UN family. The costs to Britain of belonging are, incidentally, quite small —about £6m a year.

Thus British policy has been to seek reform rather than disintegration. There has been a specially established temporary committee of Unesco members, including Britain, looking at ways of controlling expenditure, reducing bureaucracy and eliminating some of the sillier programmes. One of the main objectives was to give member state more say in the way Unesco is run.

It cannot be stated that this exercise, now almost concluded, has been wholly successful. There are to be new restraints on Unesco's budget: spending next year should rise by only 2 per cent in real terms, though all that is a bit dependent on whether the U.S. stays or goes. Because of the financial restrictions some of the less desirable programmes will fall by the wayside. But the reformers have won something less than a complete victory.

Since the moment of decision has almost arrived, it may be worth trying to take a look at the broader picture. That includes how such decisions are made. There is no particular evidence that the American decision to withdraw was taken at the highest level or after detailed consultations, either internally or with America's friends. It happened somewhere in the bureaucracy and seemed to fit the political climate of the time.

In Britain there is no known evidence that Mrs Thatcher has any views on the subject. Possibly, even probably, she will choose to go along with President Reagan and get out because that is where her political instincts lie. But there has been very little co-ordination between the two countries.

Membership

There appears to have been even less close consultation between Britain and its European partners. It should be said in passing that France is in a special position because it is the host country to Unesco and has been trying understandably to hold it together. Yet here is one question on which the European Community ought at least to be able to seek a common view. Culture, education and science are all germane to the European tradition; so is their dissemination to the third world.

There is also a practice in the Community nowadays, though outside the Treaty of Rome, known as Political Co-operation. Whether to maintain membership of Unesco is a subject that ought to be high on its agenda. It is not.

So it looks as if the British decision will be taken in a pretty random way. Yet even now it ought to be possible to try to persuade the Americans to stay another year while further reforms are pursued and to take the Europeans along. Unesco should never have been allowed to get into such a mess in the first place, but the political consequences of walking out of a United Nations agency could be considerable. They are not yet being properly faced by the British Government.

The shadow over Latin America

FINANCIAL PROSPECTS for Latin America today seem more encouraging than even the most sanguine creditors could have predicted a year ago. Mexico and Venezuela have agreed to long-term reschedulings which promise uninterrupted interest payments for years ahead and push well into the future the tricky question of how much principal these countries can ultimately repay from their own resources. Brazil has performed a virtual miracle with its exports and imports, and is heading for a surplus of $13bn on its trade account. Even Argentina has finally proposed an economic adjustment programme to the International Monetary Fund.

But it is still too early to pronounce the debt crisis over, as the Inter-American Development Bank warns this week in its Economic and Social Report. Trade surpluses and IMF agreements cannot guarantee a country's willingness to service debts for years, and even decades, ahead. Only if it can service its debts and improve economic conditions for its citizens at the same time, can a country be deemed genuinely credit-worthy; for sooner or later the people's readiness for *sacrifice on behalf of foreign* bankers will run out. The ability to generate higher per capita incomes is the litmus test by which economic policy must ultimately be judged.

Payments

By this criterion, the debt crisis still casts a dark shadow over the whole of Latin America. The IDB points out that per capita gross domestic product fell by 9.5 per cent in Latin America as a whole from 1981 to 1983; in Brazil the fall was 11.1 per cent, in Argentina 13.5 per cent, and in Chile 18.4 per cent, concentrated in just two years. In the past 12 months conditions have certainly improved, but the IDB still maintains that recouping these enormous losses will be possible only "if the debt burden is reorganised in accordance with the countries' capacity to pay."

Translating this comment into figures, Mr Willy Van Ryckeghem, the respected Chief of the IDB's Country Studies Division suggested over the weekend that no nation should be expected to spend on debt service payments more than 25 per cent of its export earnings. The unstated implication was that the current interest payments of most of the major debtors will have to be drastically scaled back and there can be no question of principal repayments in the foreseeable future. Applying the 25 per cent limit to Brazil, for instance, would imply a cut of more than one-third in the $13bn the government is expected to pay in interest next year. In Mexico's case, interest payments would need to be reduced from $14bn to $9bn or so. Chile's interest bill would have to be cut in half. And in no case could there be any principal payments between now and the 21st century.

Sacrifice

Obviously there is nothing sacrosanct about Mr Van Ryckeghem's 25 per cent formula. Some nations might be able to afford to allocate far more of their export earnings to debt servicing and still retain some headroom for per capita income growth. In fact both Brazil and Mexico may next year manage GDP growth marginally above their 2½ per cent rates of population increase. Nevertheless bankers and monetary authorities would be rash to ignore continuing discussions in Latin America about the need to confine debt service payments to what each nation "can afford."

After three years of economic sacrifice, Latin American nations are becoming impatient for the rewards—in terms of higher consumption, jobs, price stability and, not least, a sense of national self-determination. Any setbacks which the debtors might suffer in the years ahead are unlikely to be met with further sacrifices and policy retrenchments. If the world economic recovery begins to falter in the next two years, the margin for error in the existing rescheduling arrangements could turn out to be desperately narrow.

WITH WORLD mineral prices chronically depressed and Australia's "resources boom" an embarrassed blush in many an overstretched balance sheet, it comes as some surprise to see the country's biggest raw materials companies striding oceans to make major, strategic acquisitions.

Led by Broken Hill Proprietary, which in April paid $A1.7bn for General Electric's Utah division, it has begun to look as if a resources rush in reverse in under way. In the last fortnight, CRA, part-owned by the UK's Rio Tinto-Zinc and number two to BHP in the Australia resources league, has announced a $A210m deal to buy 35 per cent of the German steel group now in the process of formation with the merger of Krupp and Kloeckner Werke; and CRA's aluminium subsidiary, Comalco, has agreed to pay $A400m for the U.S. aluminium interests of Martin Marietta, the American aerospace company.

In the second quarter of this year, the flow of mining investment out of Australia actually exceeded the inflow—a remarkable and perhaps unprecedented statistical event for a country which depends upon mining for about 40 per cent of its exports.

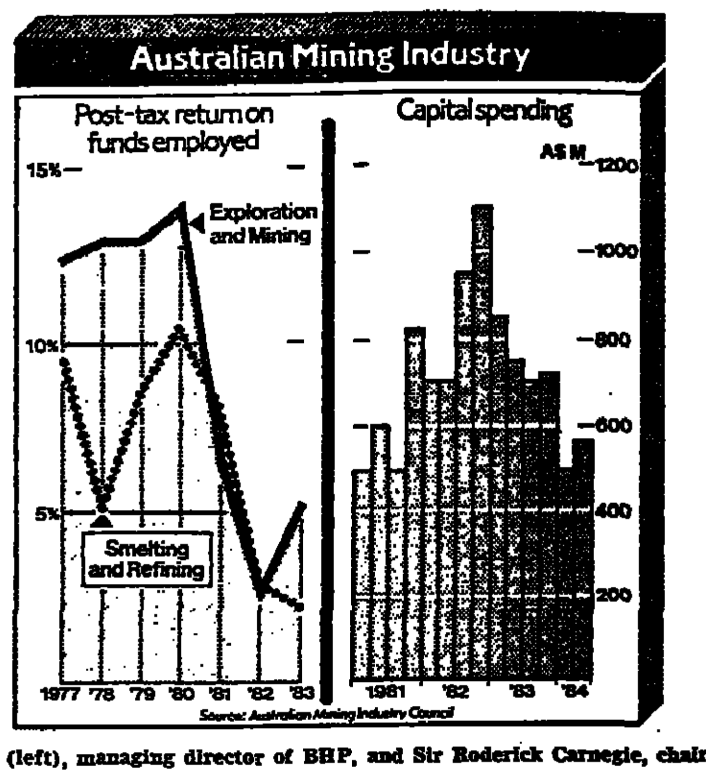
Nor will this be the end of the story. BHP has set aside A$500m to buy an as yet unidentified U.S. oil company and has also been running its eye over properties in the UK sector of the North Sea, in part because it wants tax shelters for its growing overseas exploration effort.

"If we had the money, we'd be doing what CRA and BHP are doing—buying straw hats in winter," says Mr Gene Herbert, assistant general manager with responsibility for finance at CSR, the Sydney-based sugar company which also has big oil, coal and metals interests. CSR *is still digesting its expansion* in the Australian coal and oil industries. "But it definitely fits our strategy to go offshore," says Mr Herbert. "We are heavily dependent upon exports to Japan and would like to be inside more domestic markets. That could mean Australia or it could mean domestic markets in other countries."

"Straw hats in winter" is top of the corporate cliches in Australia these days, but the emerging strategies of companies like BHP, CRA and CSR are a good deal more complex than trying to buy into sectors when they are out of fashion and the assets cheap.

BHP's main stated reason for looking abroad is that it has outgrown the Australian economy. Its sales of A$5.4bn last year were equivalent to more than 2 per cent of Australia's national output. "BHP has, for reasons of sheer size, felt constrained about taking too aggressively to the takeover trail," says Mr Brian Loton, who is credited with sweeping a few cobwebs out of the company since he became managing director two years ago.

BHP's size is also blamed for its dull performance in the stock market, since the main Australian institutions are said to be permanently in surfeit with BHP holdings. But according to Mr David Adam, general manager for corporate affairs and chief link man in the Utah strategy, BHP is also pursuing two other objectives as it expands abroad: it is searching for new markets and for international managements skilled at penetrating them.



Mr Brian Loton (left), managing director of BHP, and Sir Roderick Carnegie, chairman of CRA

Australian investment abroad

The rush to buy straw hats in winter

By Ian Hargreaves in Sydney

Marketing is seen as more crucial than production

The Utah acquisition brought BHP worldscale interests in copper in Canada and Brazil, coal in both the U.S. and Australia and other metals all over the world. It is significant that BHP has already decided that the oil company it is on the point of buying will be given to San Francisco-based Utah to manage.

"We have to maintain Utah as a significant operation, so that we retain the motivation of its management," says Mr Adam. And the key management skill, he adds, is marketing—"even more important than production."

This is a lesson many Australian resource companies have learned the hard way. They over-expanded themselves to Japan for sales of coal and iron ore, only to find the Japanese driving very hard bargains indeed when demand fell away in the past three years. CRA is still in dispute with its Japanese power utility customers over the fact that six months after the opening of the huge Blair Athol coal mine in Queensland, offtake is running at only half the contracted level. Such problems, coupled with low base metal prices, have caused serious financial strain at big mining houses like MIM Holdings and Seltrust, the company controlled by British Petroleum, which is now in the process of being dragged from the collapsing edifice of its over indebtedness.

"Many Australian mining companies have been driven by geologists and mining engineers," says Mr Norman Miskelly, chief mining analyst at stockbrokers Ord Minett. "Eight out of 12 directors on the MIM board are engineers. CRA sees marketing as a way of making money. MIM sees it as a way of shifting the product." Inside CRA, it has not gone unnoticed that its own main shareholder, RTZ, makes most of its money these days not from mining but from industrial products and that it is run, increasingly, by non-mining people.

The search for a more secure relationship with a more diverse array of markets, and thereby for added value, has been at the heart of Comalco's thinking for some time. Two years ago it bought 50 per cent of Showa Denko's Japanese aluminium business. The Martin Marietta purchase is designed to link U.S. downstream manufacture and marketing expertise with the output of low-cost Australian bauxite, alumina and aluminium.

"In everything we do," says Mr John MacLeod, CRA's group economist, "You will find high technology and you will find market orientation." The technology is seen as ensuring CRA keeps its positions as a low-cost producer and that it stays in the front line in product development.

The link with Kloeckner-Krupp is seen in a similar light. This deal will provide guaranteed markets for the output of Hammersley (CRA's iron ore subsidiary), which is otherwise threatened in the German market by ore from Brazil's Carajas mine, which is higher quality and cheaper to ship. It will also keep CRA on the inside of technological changes in ore processing, which it hopes could lead to some form of ore treatment or semi-finished steel operation alongside its West Australian iron ore pits. Those, because of the North West Shelf gas discoveries, have the possibility of cheap and abundant energy in future. Hammersley has also just signed a major joint venture with China, which is typical of the quest for new Asian markets now under way in the Australian resources sector.

Apart from these specific, corporate goals, there are other underlying reasons why the time is right for Australian resource companies to be stepping out.

The most obvious is that some of them, apart from the over-geared MIMS and Seltrusts, do have cash—even though the average returns in mining have dropped sharply from the resources boom years. BHP is in a special position, with a cash gusher in the Bass Straits oilfield and a transformed steel division, where productivity has risen by 40 per cent inside two years. But the fall of the Australian against the U.S. dollar in the past year has also helped offset price weakness in iron-ore and coal and low-cost zinc, though gold and uranium operations have performed quite well.

While the big resources groups may be out walking, they are not yet off the leash...

At the same time, because the resources rush is over, there is no call for short-term investment in new Australian base metal, iron ore or coal mines, which means that any resources company which has cash but is intent upon sticking to businesses it understands must look beyond Australia. The serious search for major minerals in Australia today is confined to gold and oil.

Fortunately for expansion-minded companies, these circumstances have coincided with the boisterous pragmatism of Mr Bob Hawke's popular Labor Government, which has lifted exchange controls and proved a sympathetic listener to the mining industries' case on vexed issues like Aboriginal land rights.

For companies like CRA and Renison Goldfields, the widening of horizons has also been helped by their increased autonomy as UK shareholders have retreated under the pressure of Australianisation laws. Management looks and sounds more confident. Perhaps last year's America's Cup victory also helped. "What you are observing," says one banker, "is the fact that Australia's major companies have come of age."

Whether this new confidence will lead to success abroad is another matter. Although the BHP-Utah and Comalco-Marietta deals are considered pretty smart by competitors and commentators in Australia, CRA's participation in the German steel industry, with all its political problems, has raised some doubts.

There must also be a danger that even in the Comalco move, CRA is exchanging a position in the oversupplied alumina and bauxite markets for a bigger stake in the oversupplied aluminium business.

In Australia itself two big aluminium smelter projects are at the planning stage, one a venture between American, Australian and Korean interests to build a smelter in West Australia, the second involving Alcoa and the Government of Victoria in a smelter at Portland, near Melbourne. Both moves are seen as politically vital in transforming "quarry Australia" into a more sophisticated, value-added economy.

The "Portland" project is particularly ominous, since the state electricity commission has agreed to price power for the smelter—the main cost element —in line with world aluminium prices. This, in CRA's view, is a recipe for producing "social metal"—mining industry insult normally reserved for enterprises like Zaire's copper industry. It was notable that last week, only days after announcing the Marietta deal, Mr Mark Rayner, Comalco's chief executive, was warning a Japanese audience that such institutionalised subsidies would undermine an industry capable of growing at only 1 to 2 per cent a year in the next decade. "The industry could be depressed for several years," he said.

But it would be wrong to give the impression that companies like BHP and CRA are abandoning their traditional Australian mining base for wild, foreign adventures. Both companies, along with other big

Australia's major companies have come of age

players like Western Mining, have been expanding their Australian oil and gold interests and only about one-tenth of BHP's assets are currently non-Australian.

If the foreign investment trickle does become a flood, there will clearly be some risk of a political backlash, especially if a re-elected Hawke Government finds itself under pressure from trade unions in the context of the country's crucial pay and prices accord. Comalco's expansion in the U.S. seems certain to put an end to plans for expansion at its Australian Boyne Island smelter.

Businessmen, of course, will continue to argue that the Australian economy can reap nothing but benefit from more international exposure, but the resource companies are in a special position. They know that their quarries, mineshafts and oilwells are still, for the most part, in Australia and that they need Canberra's permission to export the contents. To that extent, it is clear that while Australia's resource companies may be out walking, they are not yet off the leash.

Men and Matters

Apple of his eye

Some anonymous rumour-mongers on Wall Street were trying to take a bite out of Apple Computer's share price, it seems, when the market was jolted a fortnight ago by news that John Sculley had resigned as president and chief executive.

Sculley was at London's Savoy Hotel yesterday, still in office — and still showing the same intense enthusiasm that has enabled him to turn Apple upside down since his arrival in May, 1983.

The man who played a leading role in turning Pepsi-Cola into a major competitor of Coca-Cola in the U.S. decade ago is now well on the way to putting Apple in the marketing vanguard for personal computers.

The impact on Apple's sales and profits has already been dramatic. Sculley is nearing the end of a European road-show which has left fund managers, he says, "quite restrained" in their questioning at every stop.

That is not how he would describe Wall Street's reaction to the resignation story. "I was on the plane to Hawaii when it broke," says Sculley. Steve Jobs, the other man at the top of the Apple tree, was on another plane in the same direction—"We always fly on separate planes."

The company headquarters in Silicon Valley had 600 inquiries that day (October 12). And the rumour hung around all the next week while the two men hosted a conference in the South Pacific for 1,300 Apple employees.

"The technical market analysts were all looking at Apple's price around $24 a share ahead of the story and were suggesting any move below that could take the price as low as $17," Sculley explained yesterday.

"Well, trying deliberately to move the price in that situation could be a felony under U.S. law, but we never got to the bottom of it."

Instead, Sculley called a meeting of 2,000 Apple employees to assure them of his total commitment to the company's future strategy to combat the mighty IBM. "And it really isn't the money which keeps me going anyway," he added yesterday. "It's the whole excitement of the thing."

Wind gauge

Sculley might like to know that a Professor Jean-Noel Kapferer of the Paris school for advanced business studies has established a foundation for the study of rumour.

"What I want to do is to start taking rumours seriously," he said. "We want to be a sort of rumour clinic."

Kapferer is not interested in whispers about your neighbour's wife or your boss. He wants to study the big rumours—the ones that cause serious financial losses, damage the reputations of leaders, spread racial discord, or lead to national psychoses.

By tracing the evolution of one or two major rumours a year, Kapferer hopes to get a better understanding of their growth and find better means of controlling them.

"People believe more in rumours than in official information," he says. "People believe that reality is not that which is apparent."

Rumours always revolve around the French President, he says. The stories usually take one of three forms—that he is taking pay-offs, that he is dying, or that he has an extraordinary sex life. "Though the last one is not such a big deal in France."

Only Charles de Gaulle largely escaped the rumour mill. "He was too credible," says Kapferer.

Paying court

Sir John Donaldson, Master of the Rolls, may be tipped as Lord Hailsham's successor as Lord Chancellor but he is not exactly flavour of the month in legal circles at the moment.

It all began at the Law Society conference in Bournemouth. There, in what was regarded as a legally "political" speech, Donaldson floated a number of radical proposals for improving the administration of civil justice.

Among other things, he suggested that litigants should be charged a "commercial" rate for the use of the services of the courts.

The assembled solicitors shuddered. The courts were a public service that should, in the public interest, be paid for out of the public purse appeared to be the general view.

Now the influential legal weekly, New Law Journal, has taken Donaldson to task. "Not thought through" and "frankly unworkable," it says of his proposals—though it adds generously that they "betray a fertile mind at work."

The Donaldson plan, says the Journal, would make litigation a yet more risky gamble which even fewer could afford. "The courts could run a healthy and profitable system where commercial customers would pay for a first class service while only a few, carefully selected, meritorious cases from individuals would be admitted."

There is little doubt, says the NLJ sternly, that if Donaldson does become Lord Chancellor, he will not find it easy to put his ideas into practice.

And yet... if it did happen, "the legal profession would certainly face an exciting, if hazardous, period of reform," the NLJ concludes wistfully.

Grooming process

It is not without significant that Brian Malpass, aged 47, a doctor of chemistry, is leaving the finance director's chair at De La Rue to have a spell in line management as managing director of the group's currency division. He remains a group director.

To those who understand the workings o fDe La Rue it looks as though Malpass is being groomed for the job of next chief executive of the £270m turnover group.

De La Rue, the world's largest printer of banknotes, sees its currency side as the core business.

Managing the currency division has been a necessary stepping stone in the career of every group chief executive the company has had.

If Malpass makes the top slot it will probably be three or *more years from now*, after Peter Orchard, De La Rue's present chief executive, reaches 60 and completes 10 years in the job.

Malpass, a thickset man from the Potteries with a sharp sense of humour, read chemistry at Birmingham University. He joined De La Rue's Formica business (since sold) in 1968 and became development director. Later he was group director of development, Formica finance director, and finally finance director for the group since 1980.

Ad lib

A new best-seller in the U.S. provides a sure-fire recipe for success for the executive woman —think like a man, act like a lady and work like a dog.

Observer

ZAIRE'S ECONOMY

Taking the IMF medicine

By Michael Holman, recently in Kinshasa

THE SUGGESTION that Zaire, potentially one of Africa's richest nations but a notorious debt defaulter, has taken the path of economic rectitude might be greeted with the scepticism that probation officers reserve for hardened recidivists.

While the billboards of Kinshasa extol the virtues of President Mobutu Sese Seko, reputed to be one of the world's wealthiest men, Western governments and bankers have—until recently at least—had a distinctly jaundiced opinion of Zaire's leader.

After bringing stability to a nation riven by post-independence rivalry and bloodshed, he presided over an economic disaster which began with an ill-conceived nationalisation programme in 1973-74.

The economy suffered corruption on a scale rivalled only by Nigeria, a series of industrial white elephants and lavish and uncontrolled external borrowing. These were followed by a setback over which Zaire had no control. From the mid-1970s, the prices of copper and cobalt (which account for two-thirds of export earnings) went into a prolonged slump.

Zaire is living with the consequences to this day. Unable to service an external debt of over $4bn, the Government has been forced to reschedule its commitments no fewer than five times.

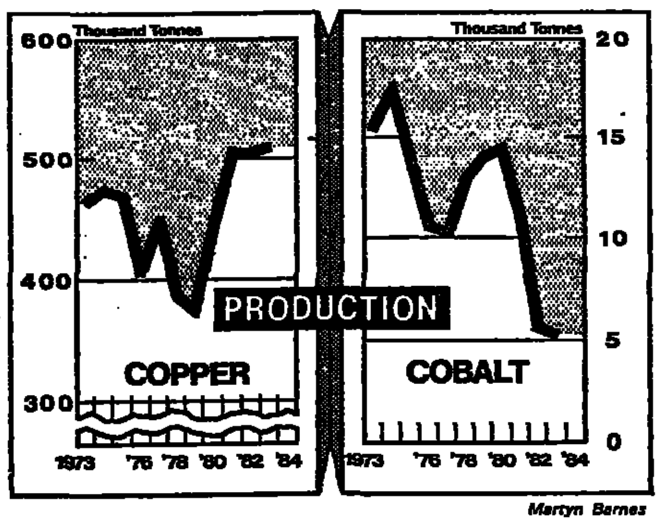
On four occasions the Government has negotiated loans from the International Monetary Fund (IMF)—one for over $900m, the second largest in Africa—only for them to collapse when conditions were not met.

Yet, today Zaire is behaving like a model IMF client. It is approaching the end of a SDR 228m 15-month stand-by programme of a rigour unprecedented in Africa.

It has entered the official phase of the negotiations for a further loan and is preparing a three-year development plan, in which agriculture and transport take priority, to be put to donors at a World Bank-chaired consultative group meeting in Paris in mid-1985.

"Zaire seems to be on the wagon, and determined to stay there," says one Western banker, well aware of the country's past record.

President Mobutu



Martyn Barnes

The fragile prospect that there may be light at the end of country's dark and long economic tunnel is remarkable enough. But the implications go beyond a country perceived as critical to the West's strategic interests in southern and central Africa.

What is also being put to the test, Western officials believe, is the role of the IMF in Africa and the viability of the major reforms being urged on the continent by both the Fund and the World Bank, with the enthusiastic backing of the United States in particular.

The reforms are wide-ranging. Invariably, conditions attached to IMF loans include often substantial devaluation, accompanied by cuts in Government spending, lifting of price controls, reduction of food and other subsidies, the placing of heavily indebted state-owned corporations on a commercial footing, wage curbs, and tough targets on budget deficits.

Increasingly, assistance from the World Bank is tied, implicitly at least, to fulfilment of a Fund programme.

The record over a decade in which Africa has become more and more dependent on the Fund has been mixed. The package has helped Uganda on the path to economic recovery, but has been slow to show results in Zambia and Kenya, and has been refused so far by Nigeria and Tanzania.

All countries, of course, have their own particular difficulties, and no formula can be rigidly applied. But should Zaire continue to take the economic medicine prescribed by the Fund and pull through, the IMF will be able to share the credit with President Mobutu for what will have been a remarkable turnaround.

Yet there is also a considerable element of risk. The current austerity programme comes on top of a decade of decline, severely testing the resilience and tolerance of Zaire's 31m people.

Should compliance with the formula prove slow in bringing benefits, it could conceivably prove disastrous, undermining President Mobutu, for whom there is no obvious successor.

Thus, when the president made his recent tour of major Western capitals, he was listened to with particular attention when he reviewed a series of initiatives over the past two years which have impressed even the sceptics.

In December 1982 President Mobutu convened a meeting of senior ministers to win support for a series of austerity measures. This in itself was not remarkable, for efforts to resolve the country's economic crisis had frequently been made in the past. The difference this time was that the measures would have to be introduced without external financial assistance from the Fund or anyone else.

"In effect," says one senior aid official, "Zaire was on probation. Donors were so doubtful about the Government's commitment that President Mobutu had first to prove to us that he meant business."

The President won support for major cuts in government spending and tighter budgetary controls. The move to lift price controls, begun earlier, was continued when the Government abolished the ceiling on producer prices for rubber, palm oil and sugar.

Additional steps were taken to strengthen the management of the state-owned copper and cobalt mining corporation Gecamines, and a start was made to replace the allegedly corrupt state mineral marketing corporation, Sozacom.

Since then, Zaire had done almost enough to win over the Fund. One major hurdle remained: a devaluation of the massively overvalued currecy, the Zaire.

The official rate was Zaire 6 to the dollar. But on the black market it traded five times that, and most business transactions were calculated at the market rate.

It was President Mobutu himself, say government officials, who decided that the bullet had to be firmly bitten.

In September 1983 the currency was devalued by 80 per cent and the rate to the dollar fell to Zaire 37. To ensure that the rate remained realistic, the Government allowed the Zaire to float, establishing its value at weekly sessions of the central and commercial banks.

Nearly a year after Zaire had demonstrated its commitment to reform the way was finally cleared for an SDR 228m 15-month IMF loan. In the same month the Government introduced further measures, designed in part to reduce the budget deficit from 8.7 per cent of GDP in 1982, to 1.9 per cent in 1983, and to eliminate it in 1984.

The results for the business community have been dramatic, producing what one U.S. government analysis calls "a more favourable investment climate than at any time since the copper boom of the early 1970s."

Import licences are now issued by commercial banks rather than the central bank. Quantitative restrictions on imports have been lifted, and foreign exchange is freely available—although some companies are feeling a liquidity pinch because 65 per cent of the import licence value must be deposited in advance.

For the first time since the mid-1970s, profits and dividends can be remitted. Slowly, but with increasing confidence, companies are looking at investment in the agricultural sector, while the realistic currency rate has curbed smuggling of diamonds, gold and coffee.

For the long-suffering man in the street, however, the short-term consequences have been painful. Petrol prices trebled in the wake of devaluation and food prices nearly doubled. The budget deficit targets have been achieved by swingeing cuts in ministries which arguably should have been strengthened, such as education.

On the other hand, inflation which has been running at an annual rate of 100 per cent, is down to between 25 to 30 per cent.

"We are not yet seeing a recovery," cautions one banker, "but the decline has been halted, and for the first time in years there is a sense that the Government means business."

The task ahead is overwhelming, however. Copper prices remain low, and the agricultural sector's rehabilitation is hampered by severe transport difficulties.

From about 140,000 km of usable roads before independence there are now perhaps 15,000. Driving from Kinshasa, for example, to the coffee region of Kivu on the eastern border is virtually impossible.

In the country's interior, government services have all but collapsed, with education and health services especially hard hit. One businessman who is rehabilitating rubber estates in central Zaire discovered that schools and clinics exist in name only: "There is a generation grown up since the 1970s who cannot read, write or speak French."

Yet Zaire's potential is enormous. Not only is it the world's sixth largest copper producer and leading supplier of cobalt and industrial diamonds. It also has coffee, oil, palm oil, rubber, timber, rich agricultural land and one of Africa's largest hydro-electric power schemes, the under-utilised Inga project, with a capacity of over 30,000 Mw.

Whether President Mobutu can turn the potential to reality remains to be seen. What is certain is that Zaire continues to need Western assistance. Export receipts in 1985 are forecast at $1.6bn, debt obligations total $800m, and Zaire can only afford to pay $250m, say senior Government officials.

The next debt rescheduling talks are due in March, by which time the officials believe a new IMF programme will be in place.

Zaire has done enough, they maintain, to warrant sympathetic treatment and further support: "After two years," says one, "we have shown our commitment. And we are carrying out the measures because we believe they provide the answer to our problems, not simply because the IMF requires them."

But, he went on, the West should help provide more tangible benefits to the man in the street.

The sceptics still fear that Zaire's economic history will repeat itself. But for the first time in several years, most Western governments and donors seem prepared to give the country the benefit of the doubt.

Lombard

The obstacles to legal reform

By A. H. Hermann

THE IDEA that the English machinery of justice is the best in the world survives somehow alongside the complaints, hardly contested, that it is deficient in three major aspects: the drafting of statutes makes them unintelligible, the method of interpretation of precedent and legislation is uncertain, and the procedure of courts is too slow, too technical and too costly. Although these weaknesses have been acknowledged by eminent committees and Royal Commissions several times over, reform has never got off the ground.

In view of this experience one must ask whether reform is not perhaps blocked by the peculiar constitutional arrangements dividing responsibility for the administration of justice between the Lord Chancellor and Home Secretary, while the drafting of legislation is the monopoly of the Office of the Parliamentary Counsel attached to the Treasury. In short, there is no Ministry of Justice to co-ordinate reform on all three fronts.

A powerful attack on the shortcomings of civil court procedure has been made by Sir John Donaldson, the Master of the Rolls. On assuming his office he took immediate steps to speed up the working of the Court of Appeal. Addressing the Law Society's annual conference recently, he broadened his attack. The Government has promised a "complete and systematic" review, but the Lord Chancellor's working party expects to have the first results only in four years' time, and even these would be mainly statistical and descriptive. In Sir John's view "complete and systematic" can be translated as "thorough but endless." A review, he said, had no merit at all unless it led to radical improvement.

The Master of the Rolls would like to see opening speeches and pleadings cut to size in all civil courts.

Frivolous litigants should be frightened off by fining those who bring cases in bad faith. Courts should be made accessible to persons of moderate means by making legal aid dependent on the ratio of means to costs instead of a means test as at present. Cases should be assigned to higher courts not according to the amount at stake but according to the difficulty of the legal issue, so that many more would go to county courts. These, in turn, could be relieved of cases hanging purely on facts, by creating a network of lay courts — civil justices of the peace.

Such an approach, though commonplace elsewhere, seems radical in England. Many solicitors criticise Sir John's proposals concerning legal aid. Barristers are likely to be dismayed by any proposal to restrict their speeches. To this one has to add that Sir John is widely tipped as the next Lord Chancellor, and his Law Society speech is seen by some as an election manifesto of a radical Lord Chancellor; some judges fear a radical Lord Chancellor.

These fears are understandable in view of the immense potential power vested in the Lord Chancellor. The Lord Chancellor presides over the upper chamber of the legislature; as a member of the Cabinet, he is a senior member of the executive; as a member of the judicial committee of the House of Lords, he is a senior judge; and he also appoints judges, from the lowest to the highest courts. Such an accumulation of powers has been made bearable only by a succession of gentle Lord Chancellors who preferred consensus to promoting their own views.

The difficulty could be solved by a constitutional reform which would divide the office of the Lord Chancellor into three. The appointment of judges, now done on the basis of private soundings, could be put into the hands of a judiciary commission, subject to public control. The Lord Chancellor would be in charge of the legal business of the state, together with the attorney-general and solicitor-general, and his office would supervise a public prosecution service, about to be created in England as it already exists in Scotland.

Most important of all, there should be one office, the ministry of justice, to co-ordinate the reform of legislative drafting, interpretation of law, and court procedure and administration, none of which can move forward out of step with the other.

Letters to the Editor

Role of service industries

From Mr S. Schattmann

Sir,—It says something about the state of political debate in this country today when the director general of the British Invisible Exports Council is compelled to say (October 18): "Service trades cannot exist alone. They never have." To which one might add that there is no such thing as a services economy as glibly suggested by politicians of more than one party, and others. They appear to believe that we are witnessing an autonomous trend leading inexorably to the millenium, or otherwise, of the post-industrial society.

Services are tertiary industries. Like primary and secondary industries they remain subject to economic and financial factors which, in turn, are amenable to, or influenced by, governmental action. Or to put it differently, new service employment is mainly dependent on economic growth and a rise in household incomes.

The record shows that the past 20 years have seen strong growth in service employment throughout the industrialised world. Indeed, since the beginning of the 'seventies the services sector has been the only sector to create jobs in most member countries of the OECD —with the striking exception of Japan and the U.S.; and the latter has a higher services share of total civilian employment than the UK. So had Canada, Australia, Sweden and the Netherlands in 1983. And countries like France, Germany, Italy and Switzerland only remained somewhat below the British figure of 63.7 per cent largely because the share of their agricultural sectors is greater than in this country. Politicians please note.

Stephan Schattmann,
65c Wigmore Street, W1.

A value added data network

From the Chairman of the Council, IBM Computer Users' Association

Sir,—I learn with dismay that the Secretary of State for Trade and Industry has rejected the proposals for the British Telecom/IBM joint venture to establish a value added data network, and that the Office of Telecommunications has played a decisive role in this decision.

Although representations were sought, it is reported, from over 100 companies and organisations, it is incomprehensible that neither the DTI nor OFTEL attempted to elicit the views of this association, which represents (perhaps too independently) over 1,000 users of IBM systems when IBM users reputedly account for more than half of BT's current dedicated leased line revenue!

Equally incomprehensible is the comment from Prof Brian Carsberg (director-general of OFTEL) who is quoted as saying "My duty is to promote the development of competition in the interests of the consumer." How many consumers or potential consumers has he consulted? I would have thought that Prof Carsberg's first duty was to promote the development of a data network which meets the needs of the majority of consumers at the earliest possible date and in the most economic manner.

The view of this association was one of substantial support for the joint venture proposals, *and as such it seems unreasonable* for commerce and industry generally to be denied the opportunity of having a value added network capability sooner rather than later—albeit perhaps not quite up to some "perfect image" that others would like to see—given that any realistic, nationally available alternatives based on OSI are, at best, probably still 3-4 years away. Many of my members are substantial British companies who would undoubtedly have benefited considerably had the venture been allowed to proceed.

I also find it hard to understand how Mr Tebbit, the arch exponent of free enterprise, should deliberately suppress BT's first real attempt to display that conservative quality.

Can I take it that all future attemps by BT to establish what may turn out to be profitable ventures will suffer the same treatment?

I trust that when the prospectus for the privatisation of BT appears next month, the Government's attitude will be stated with absolute clarity.

Roger M. Dale,
Sixcom Systems.
Islington House,
Brown Lane West,
Leeds.

Damaging Luddite effect

From Dr L. Brookes

Sir,—In his highly perceptive Economic Viewpoint (October 18) Anatole Kaletsky pointed out that the aim of economic policy is to maximise economic output not labour input. It is surprising that the Chancellor seems to have missed this point. When he was Energy Secretary he seemed acutely aware of the dual fallacy in the arguments of the energy conservationists—who seem to think that minimising energy input is a valid goal in its own right.

Mr Kaletsky shows that lowering wages in order to raise labour input may be self defeating if the reduction in national spending power produces a more than compensating fall in demand.

It also seems to have been overlooked that there may be a damaging Luddite effect. The number of incomes at any given average level is limited by the total output of the economy. Incentives to reduce labour productivity may mop up some surplus labour for a time. The long term effect is to reduce the *total output of the economy* at the point where it begins to bump up against the stops of external constraints. The result is a reduction in the ability to pay average incomes at any given level and this effect may more than offset the effect of a reduction in that level.

Economic history records rising populations and employed labour forces being associated with rising labour productivity and average income. The American figures need to be studied very carefully before they can be accepted as the first counter example in a very long history.

(Dr) L. G. Brookes.
16, Ipswich Road,
Bournemouth, Hants.

Economic growth and productivity

From Mr E. Whiting

Sir,—I was puzzled at first by Anatole Kaletsky's statement (October 18) that employment can only rise faster than economic growth if productivity is actually falling. Some definition is needed to interpret it.

"Economic growth" is presumably increase in GNP. "Productivity" is either output per head or manufacturing output per man hour. Output per head must be a very bad measure when overtime is increasing. Output per man hour is better but applies in official statistics, I believe, only to manufacturing output, which accounts for only some 25 per cent of GNP.

The production figures are known to be highly suspect in the conversion from value to volume. Volume productivity measures are fine when there is a simple homogeneous commodity produced by a standard type of employee on unchanged capital equipment, such as kilos of apples gathered per hour.

But the world is increasingly not like that. It is more like a dirty mixture of apples and pears that keeps changing. We have to go back to monetary measures: revenues and costs. Value added can be substituted in the micro-economy for GNP and total employment costs for wages or labour costs.

Thanks to the Companies Act 1981 there is a lot more data available on costs and numbers of employees. From 10 recent company annual reports that I have to hand I find that the 10 on average reduced their numbers employed by 3.1 per cent and increased their employment cost per employee by 12 per cent.

This was a fair sample of small and large companies in various industries. The increase in employment cost per employee ranged from 3 per cent to 20 per cent. These increases cannot have been all due to the unions. Directors' remuneration increased by an average of 15 per cent and the numbers of employees earning more than £30,000 increased by 68 per cent.

Assuming that output or value added was flat over the years 1982-83 to 1983-84, and it was on average the same for these companies, then the productivity of these companies, in my book, has gone down. I still believe that for individual companies, unless they are of this rare homogeneous product type, the ratio of employment cost to value added is as good a measure of "labour productivity" as any, and it includes everybody employed.

In my view, the pricing-out-of-jobs and the volume productivity measure must go together. There is no point in trying to separate them. It is all expressed simply by employment cost against some monetary measure of production, turnover or value added.

Edwin Whiting,
Manchester Business School,
Booth Street West,
Manchester.

Accessible at Lloyd's

From the Deputy Chairman anr Chief Executive, Lloyd's

Sir,—Mr D.S. Tallon, states October 25 that the public does not have "access to the results of individual members or syndicates at Lloyd's." This statement is incorrect. Since August 6 of this year the accounts of all syndicates of Lloyd's have been available on public file for the payment of a small search fee.

Ian Hay Davison,
Lime Street, EC 3.

FINANCIAL TIMES

Tuesday October 30 1984

UK bank failure may lead to law change

By Peter Riddell and David Lascelles in London

THE BRITISH Government is considering whether to change the framework of UK banking supervision in the light of the rescue of Johnson Matthey Bankers a month ago.

Mr Nigel Lawson, the UK Chancellor, will examine whether any amendments are required to the 1979 Banking Act, which set up the present system of supervision after the secondary banking crisis of the mid-1970s.

Mr Lawson told the House of Commons that the Bank of England was "considering what lessons the failure of JMB may have for the banking supervision system, for which the Bank is responsible under the Banking Act, 1979."

He added: "If it appears that changes to the statutory framework for banking supervision may be needed, I will give this very careful consideration."

Treasury ministers have made no secret of their concern and unhappiness about possible inadequacies in the system of supervision that allowed JMB's difficulties to develop to the point where the Bank of England had to step in to organise a rescue.

The Bank of England did not appear last night to have been aware of Mr Lawson's statement, adding to the impression that the Johnson Matthey Bankers affair had created something of a rift between them.

The Bank, however, would probably welcome a review of the Act, which has proved to have weaknesses and is in need of fresh examination.

Although the Act gives the Bank a strong supervisory role, the JMB case highlighted the fact that although the Bank can command an institution to supply it with information, it has limited powers to examine banks itself, as U.S. bank regulators do.

That makes it hard for the Bank to be sure that an institution is supplying it with all the information that it might, and that what it is producing is correct.

Although the Bank had been worried about the state of JMB for some time, it was not until very late in the day that the full extent of its troubles emerged.

Some of the Act's definitions might also be improved, and changes might be sought to the appeals procedure when the Bank wants to revoke an institution's licence.

Airlines see threat in increasing regulation

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN MONTREAL

THE WORLD'S leading airlines are becoming increasingly concerned at the way in which governments are seeking to impose unilateral regulatory systems on the air transport industry.

At the same time, the chairmen and chief executives of over 100 airlines, meeting in Montreal, have decided to step up their efforts to recover up to $850m of their earnings from ticket sales "blocked" by countries, predominantly in Africa and the Middle East.

Mr Knut Hammarskjöld, director general of the International Air Transport Association (Iata), told the meeting that the "potentially damaging trend" towards separate regulatory systems was emerging increasingly clearly and was threatening "a general fragmentation in the evolution of the air transport system."

He said: "The establishment of unilateral regulatory regimes in recent years has been followed by an increased emphasis on regional solutions ... not only by government bodies but by the airlines themselves in their industry organisations."

"This fragmentation is accelerated by the efforts of some administrations not just to export their national philosophies but to attempt the extra-territorial application of regulations designed for a unified domestic environment" – a clear reference to the increased efforts by the U.S. to impose its domestic anti-trust laws on international airlines seeking to fly to and from that country.

Mr Hammarskjöld said that the air transport network had been developed over half a century and that "failure to recognise the special multilateral nature of this global system threatens to halt or even reverse its cohesion and progress."

The issue has become sufficiently serious for the other principal world aeronautical body, the International Civil Aviation Organisation, which is the aviation technical agency of the United Nations itself, to become concerned. While the ICAO has already asked member states "to refrain from unilateral measures harmful to international air transport," it is continuing to study the issue closely.

The matter is due to be discussed next year at a conference on air transport called by the ICAO when Iata will make a plea for governments to recognise that they are damaging their own airlines and air transport interests by seeking their own solutions.

One particular area of concern for Iata is the present attempt by the European Commission to bring the air transport industries of its member countries under the aegis of the Treaty of Rome. That would make EEC airlines liable to EEC competition laws and possibly spell the end of the current international fares-fixing methods used by Iata to achieve a measure of uniformity in European air transport.

The meeting was told that over the last year up to $500m of blocked earnings had been recovered, but $850m was still outstanding.

"African countries are the predominant source of transfer problems but the situation in certain Middle East countries is now growing more serious.

"Positive results have been achieved in Brazil, Venezuela, Trinidad and Tobago, Paraguay and Tanzania. In Zaire, all airlines have transferred, without any exchange losses, funds going back to 1977."

● Iata is to get a new director general. Mr Hammarskjöld, who has been director general since 1966, is to retire at the end of the year. His successor will be Professor Gunter Eser, at present a member of the executive board of Lufthansa, the West German airline.

Caribbean row over aircraft, Page 3

British engineering companies switch strongly to computers

BY RAYMOND SNODDY IN LONDON

BRITAIN'S engineering industry has dramatically increased its use of computers and is now spending more on computerisation than machine tools.

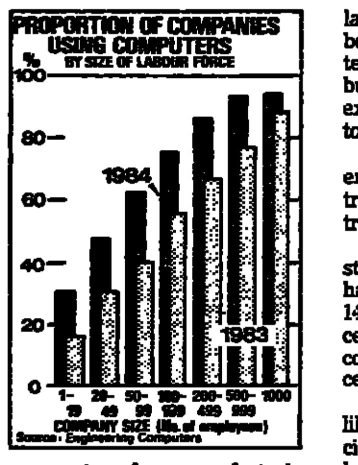
The industry spent £500m ($600m) on computers in the 12 months from July 1983 to July 1984 and says it is planning to spend a further £700m in the year to next July – £500m on hardware and £200m on software.

The extent to which computers are revolutionising what has been seen as a very traditional industry are shown in a new survey of 2,000 engineering companies.

It was carried out by Engineering Computers magazine and sponsored by the Department of Trade and Industry and eight computer companies including IBM and ICL.

Although international data is lacking, the magazine believes that the growth rate of computer use in British engineering might be the highest in the world.

Over half of all UK engineering plants are using or are about to use



a computer for manufacturing-related purposes – an increase of 50 per cent on last year. Many of the new users are small companies.

Thirty per cent of companies that employ fewer than 20 people are now computer users, compared with 16 per cent last year.

"We knew from predictions made last year that there would be a boom in the application of computers in the engineering industry, but the survey's findings exceed all expectations," Mr David Potts, editor of Engineering Computers, said.

The main uses of computers in engineering include production control, design, drafting, quality control and engineering analysis.

The number of computers installed in engineering companies has nearly doubled since last year – 14,971 to 27,704. Of those, 72 per cent are microcomputer, 22 minicomputers and the remaining 6 per cent mainframes.

The survey suggests that there is likely to be a very intense commercial battle for the predicted new business.

In the micro market, Commodore is still the leader, but is likely to be displaced by Apple in 1985. The British company Applied Computer Techniques (ACT) is also growing strongly and should have more than 2,000 machines installed in the engineering industry by 1985.

Reckitt & Colman plans to delay Kiwi meeting

By Alexander Nicoll in London

RECKITT & COLMAN, the UK cleaning products, drug and food group, plans to take legal action in Melbourne today seeking postponement of a crucial shareholders' meeting due to be held tomorrow to decide the fate of the Australian group Nicholas Kiwi.

Sir Michael Colman, finance director, said last night that shareholders of the Melbourne-based household product and drugs group were "being deprived of the entitlement to make a choice between the offers available to them."

Reckitt is bidding A$370m (U.S.$313m) for Kiwi, but has been locked in battle with Chicago-based Consolidated Foods Corporation (CFC), which is seeking to buy the non-Australasian interests of Kiwi and to take a 14.9 per cent stake in the remaining Australian company.

Reckitt's decision to take court action followed an announcement by CFC that it would increase the purchase price for Kiwi's foreign assets so as to give shareholders more than the A$4.30 for each Kiwi share being offered by Reckitt.

CFC's existing offer also works out at A$4.30 a share, but is in cash and paper. CFC said yesterday that it expected to make an all-cash offer under its revised terms.

CFC did not, however, say what its new offer would be. Instead, it plans to disclose the revised terms at the extraordinary general meeting called for tomorrow to vote on the sale of Kiwi's foreign assets.

Reckitt responded to the CFC with bitter criticism. "Shareholders of Nicholas Kiwi should be given adequate time to consider the offers made by Reckitt and CFC and not be subjected to making a split-second decision."

"It is unreasonable for CFC to expect to be able to spring its offer on shareholders at an EGM and to expect them to act on it immediately," the British company said.

Reckitt, chaired by Sir James Cleminson, originally entered contention for Kiwi as a "white knight," saving the Australian company from drinks group Castlemaine Tooheys. It won approval for a takeover from Australia's Foreign Investment Review Board.

CFC, however, immediately won the Kiwi's board's agreement to a complex deal designed to buy most of the company while sidestepping the FIRB's 14.9 per cent limit on its holding in Kiwi.

Reckitt also disclosed yesterday that it had raised its holding in Kiwi to about 20 per cent from 17 per cent. With the market price at A$4.60, any further purchases would force Reckitt to raise its bid to the highest price it had paid. Three family interests hold between 40 and 45 per cent of Kiwi, and CFC about 10 per cent.

THE LEX COLUMN

Election debate for the Fed

It must have come as no surprise to U.S. financial markets yesterday to see Mr Regan urging the Federal Reserve Board to loosen its monetary policy. With the presidential election a week away, just a hint of politics may have crept into the accusation that high interest rates were the fault of the Fed.

Judging by the recent performance of U.S. rates, particularly at the short end, Mr Regan might have done better to congratulate – or even thank – the Fed. Eight weeks ago, Fed funds were hovering around the 11½ to 12 per cent mark. Last week, they were well under 10 per cent.

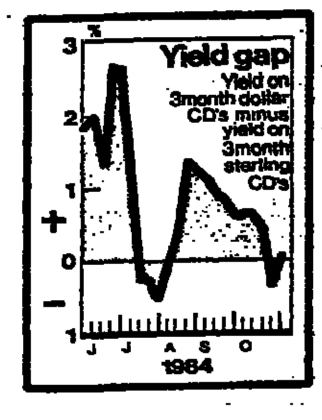
The Fed has not been too overt about its monetary easing, possibly to avoid any insinuations that it is helping to re-elect President Reagan. But when excess liquidity has built up in the market, it has seemed happy to turn a blind eye.

The Fed may feel it was a little too restrictive earlier this year when the robust recovery threatened to rekindle inflation. And now the recovery is showing signs of being slightly more fragile, the Fed may be worried about throttling it with high interest rates.

Then there was the prospect of lower oil price combined with higher interest rates causing a flutter in the U.S. banking system. Not only are the big U.S. banks heavily exposed to oil-producing, developing countries like Mexico, Venezuela and Nigeria; they also have domestic energy loans on their books which could go sour.

It seems unlikely, though, that the Fed will take Mr Regan's advice to heart and ease much further. Short-term rates have fallen a long way fast, and unless the next set of GNP figures shows a dramatic slowdown or oil prices collapse, analysts expect the Fed to coast along in neutral for the rest of the year.

If anything, the market might have got a little ahead of itself last week. Short-term dollar rates even edged below sterling ones, which might suggest a switch. But with the twin spectres of the miners' strike and a jittery oil price hanging over sterling, and a suggestion of a firming of Fed funds in New York, even the most aggressive of arbitrageurs seem to have resisted the temptation.



Reckitt/CFC

The blatant unfairness of Consolidated Food Corp's (CFC) latest move in the struggle for control of Nicholas Kiwi could be a blessing in disguise for Reckitt & Colman as the upset suitor. A few quiet words with the Kiwi board have apparently prompted CFC to think it reasonable that shareholders controlling perhaps 60 per cent of Kiwi should be asked to vote for or against a new CFC offer tomorrow within a jiffy of hearing the terms. It seemed more than likely last night that there might be grounds somewhere in all that for Reckitt to block the meeting with an injunction.

The most immediate benefit for Reckitt would be the prevention of a vote on Kiwi's proposed sale of assets to CFC – which requires only a bare majority. Since Reckitt now owns 20 per cent itself, there might still be the prospect of defeat for a later vote on the associated capital reorganisation, requiring 75 per cent approval; but that recipe for even more confusion would surely be best avoided from every point of view.

Avana

The City of London's rejection of Avana's bid for Bassett still rankles with the food company's management in Cardiff and yesterday's interim figures provided Avana with the opportunity to show that – Bassett or no Bassett – there is plenty of room for growth.

But the City was not so easily impressed. After an initial run from 493p to 509p, the share price fell back to close 3p lower on the day. That judgment seems unduly harsh. Overall, the group has maintained its margins on substantially higher volumes to leave pre-tax profits 15.5 per cent ahead at £7.7m.

The record is admittedly patchier than it used to be. In chasing high growth, Avana has compromised on earlier management principles. The company hates building new factories and, sure enough, its new facility for R.F. Brookes is running behind schedule and over budget.

But fears that Avana's premium rating will go the way of Northern Foods' are probably misplaced. The group should make around £20m this year – leaving the shares on a multiple of under 16 – and the recent capital spending, already feeding through to the depreciation charge, should next year make a positive impact on trading margins and the tax rate.

Prudential

Urgent measures to help to redress Prudential's losses on its non-life business have been eargerly awaited by the market since the group published its dismal interim results last month. The Pru's decision to lift its household insurance rates very sharply is in line with the rest of the insurance industry's reaction to the soaring inner-city crime rate. But it represents the grasping of a bigger and nastier nettle for the Pru, which sells a sizeable proportion of its life business in the inner-city areas and has more to fear from a hostile customer response – its life and household policies, after all, often belong to the same doorstep package.

Even assuming the new rates have the desired effect, the Pru still has an awesome amount to do on its non-life accounts. The first half's UK non-life trading loss of £16.6m owed more to commercial than domestic lines, while the group's Mercantile and General reinsurance subsidiary lost more than both of these put together. At 460p, down 5p, the Pru is now yielding over 6½ per cent – higher than most of the composites, never mind the other life companies.

Lower loss predicted at Technip

PARIS – Technip, the French heavy engineering firm, expects its 1984 net loss to be about FFr 200m ($21m), down from its 1983 loss of FFr 297m.

Technip also announced plans to dismiss 290 workers immediately with another 145 redundancies likely to follow between now and the end of the year. Combining redundancies with planned early retirements, Technip expects to reduce its workforce of 2,735 by 760 by the end of this year.

The company plans to increase its capital to FFr 250m from FFr 57.5m in a restructuring set to take place between November 5 and December 5.

Saint Gobain, the state-owned group, which holds 15 per cent of Technip, will dispose of its stake, while Gaz de France, also state-owned, will probably take up an interest of 15 per cent.

Elf Aquitaine may increase its current 24.5 per cent share, while a holding company of the Institut Français de Pétrole will probably cut its 41 per cent stake to about 20 per cent.

Reuter

Saleninvest seeks to delay loan payments

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SALENINVEST, Sweden's biggest shipping group, has started negotiations with its leading creditors, the state and Skandinaviska Enskilda Banken, in an attempt to delay repayments due next year of about SKr 250m on its outstanding loan debts of some SKr 3.4bn ($394m).

It has already successfully delayed repayment of about SKr 100m due during 1984.

The Salen group's financial performance has deteriorated significantly during the year and it is expected to run up a considerable pretax loss despite substantial sales of ships, property and equity holdings.

A communiqué on the group's immediate financial prospects has been promised after tomorrow's board meeting, which will be held against the background of a steep fall in the company's share price.

The price plunged by 39 per cent last week on the Stockholm stock exchange, triggering a general fall in shipping shares of about 11 per cent. Its shares closed yesterday at SKr 30.50 compared with a 1983-84 peak of SKr 183.

Last week's fall coincided with the announcement that Mr Sture Ödner, the company's former managing director and current board member, has sold out his remaining shares in Saleninvest to concentrate his investments elsewhere.

At one time, Mr Ödner owned as much as 7 per cent of the Salen group, but he has gradually reduced his holding with the last two share sales in May and at the end of September.

Saleninvest holds a dominant position in the world's refrigerated shipping market and is also involved in dry bulk cargo, oil tankers and oil drilling. It operates about 150 vessels, of which fewer than 30 are owned by the company.

The group had a turnover of SKr 5.27bn last year. In the first six months of 1984, its losses before ship sales and extraordinary income doubled to SKr 164m.

The group's financial difficulties have been mounting for almost three years in the face of continuing weak shipping markets. It has been forced to sell many assets, including its head office building in Stockholm, its stake in Saba, Sweden's third largest retail group, and its holding in the Svea property company.

Industrial output up in EEC

By Quentin Peel in Brussels

EUROPEAN INDUSTRIAL production reached its highest level in August for the past four years, despite the effects of strikes in Britain and West Germany, according to the latest short-term trends analysis from Eurostat, the EEC statistical office in Brussels.

After seasonal adjustment, the index of industrial production reached 118.4 compared with 117.2 in July, and 113.8 for 1983.

Industrial production for the three months to August compared with the previous quarter showed a rise of 0.4 per cent, still influenced by the low level of June production, which was particularly affected by strikes.

Eurostat says the comparable figure will reach 1.0 per cent once the September figures are included.

The trend increase for the UK continues to suffer from the effects of the miners' strike, but in all other EEC member states indices of industrial production are rising, particularly sharply in Italy, Denmark and Ireland.

UK coal board split shows rising tension

Continued from Page 1

There is, however, clear embarrassment among ministers and senior officials over the disclosures about divisions at the coal board, which they feel have undermined part of the success of the Government's propaganda gains over the last few days.

Mr Walker's comments came during a heated half-hour of questions which exposed the embarrassment both of Labour over the NUM leadership's contacts with Colonel Gadaffi, and of the Government over the uncertainty about Mr Eaton's position at the board.

Mr Walker, who was at his most forceful, put Labour on the defensive. At one point, two Labour MPs angrily clashed and had to be restrained by colleagues.

The minister, supported by Tory MPs, repeatedly attempted to expose divisions on the Labour side over the NUM's Libyan links. Labour MPs attempted to counterattack by highlighting the confusion over Mr Eaton's position.

No further concessions would be made to the NUM, Mr Walker indicated, beyond the terms of last week's agreement with Nacods. The minister said the NUM would have to accept the Nacods agreement if there was to be a final settlement.

His comments reinforced a general view at Westminster that tomorrow's talks at Acas will fail. Tory MPs and Dr David Owen, leader of the Social Democrats, demanded that no further concessions should be made and that the time for negotiations was over.

The negotiations are being seen as little more than a prelude to a still more bitter struggle lasting deep into the winter.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	C	18	68	Malaga	F	21	70	Salzburg	S	11	52
Akrotiri	S	28	82	Faro	S	22	72	Malta	T	18	64	Seoul	F	12	54
Algiers	R	18	64	Florence	S	19	66	Manila	R	31	88	Singapore	R	29	84
Amsterdam	D	14	57	Frankfurt	C	8	46	Miami	F	28	82	Stockholm	S	8	46
Athens	F	21	70	Funchal	S	21	70	Milan	S	13	55	Strasbourg	C	7	45
Bahrain	S	30	86	Geneva	S	10	50	Moscow	R	4	39	Sydney	C	18	64
Bangkok	S	32	50	Gibraltar	C	18	66	Munich	S	9	48	Taipei	C	22	72
Barcelona	S	20	68	Guernsey	S	16	61	Nairobi	R	23	73	Tangier	C	23	73
Beirut	S	25	77	Helsinki	C	3	37	Naples	F	19	66	Tehran	–	–	–
Belgrade	C	11	52	H. Kong	S	25	77	New Delhi	S	31	88	Tel Aviv	F	25	77
Berlin	S	10	50	Innsbruck	S	12	54	New York	R	26	79	Tenerife	S	24	75
Biarritz	S	19	66	Inverness	C	9	48	Nice	S	20	68	Tokyo	F	16	61
Blackpool	C	16	61	Istanbul	F	18	64	Oporto	S	21	70	Toronto	C	22	72
Bordeaux	S	17	63	Jersey	C	16	61	Oslo	C	8	46	Tunis	C	19	66
Brussels	C	14	57	Jo'burg	S	27	81	Paris	C	15	59	Valencia	S	21	70
Budapest	S	13	55	Las Palmas	S	24	75	Prague	C	3	37	Venice	S	17	63
B. Aires	R	26	79	Lima	S	21	70	Reykjavik	F	4	39	Vienna	S	6	43
Cairo	S	26	79	Lisbon	S	19	66	Rio de J'o	S	34	93	Warsaw	F	7	45
Cape Town	F	21	70	Locarno	S	14	57	Rome	S	22	72	Zurich	C	6	43
Caracas	R	27	81	London	C	17	63								
Casablanca	F	19	66	Los Angeles	C	21	70								
Copenhagen	F	12	54	Luxembourg	C	8	46								
Corfu	S	25	77	Madrid	S	19	66								
Dublin	C	16	61	Majorca	S	21	70								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Opec allocations hurdle

Continued from Page 1

In talks in Geneva last week among six leading Opec delegates, as well as the oil ministers of non-members Mexico and Egypt, Sheikh Yamani indicated that Saudi Arabia was prepared to lower its output to 4m b/d.

Differentials apart, the crucial question of allocating cuts looked as though it could be bedevilled by false reporting by members of the actual levels of production.

Sheikh Yamani suggested Saudi Arabia's production was no more than 4m b/d, although the oil industry reckons it to be at least 4.7m b/d.

Similarly, Mr Mohammed Gharazi, Iranian Minister of Oil, put his country's production at 1.2m b/d, compared with a quota of 2.4m b/d. His figure evidently related to exports.

"Iran has already very big cuts. We have a war," Mr Gharazi commented to reporters.

Mr Marc Rich, the international oil trader who recently settled a tax dispute with the U.S. Government costing his company the equivalent of some $200m, appeared in the lobby and agreed that an Opec cut to 16m b/d could turn the market around. He added: "They have to follow it up and have to be strong."

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Tuesday October 30 1984

A REVAMPED U.S. RAILWAY MAKES A DRAMATIC TAKEOVER MOVE

Chicago Pacific's rocky road to riches

BY TERRY DODSWORTH IN NEW YORK

FIVE YEARS ago, it was possible to pick up shares in a battered old mid-western railway company, Rock Island and Pacific Railroad, for just $1.75. Today, the shares are worth around $88, though they are now sold in the name of Chicago Pacific.

It is not easy to find a better performing stock on the New York markets. Nor is it easy, however, to find a more complete transformation. The old Rock Island company looked very much like a lost case in 1979, staggering on precariously in the bankruptcy courts, with its assets tied up in a spider's web of mid-western lines going nowhere very special. In the company's new shape, there is not an inch of line left. The ramshackle old tracks have been turned by the stroke of a liquidator's pen into a $300m lump of cash.

This cash has now become the key to what ranks as just about the most surprising, and certainly the most cheeky, takeover bid this year. With virtually no other assets, Chicago Pacific has launched a $1.6bn offer for Textron, a diversified conglomerate which not so long ago was no slouch in the takeover game itself. Taken totally by surprise, all Textron has been able to do so far is to gasp out an angry rejection of the bid.

To make the assault on Textron, Chicago Pacific will have to borrow (from Citibank) the balance of the cash which it does not already have in its kitty. By the standards established in the leveraged takeover business over the last two years, the debt to equity ratio of around 4.5 to 1 implied in the bid, taking in Textron's own debt, is not particularly unusual. It is ambitious enough however, in a proposed takeover of this size, and particularly in one which is being fiercely opposed.

Nevertheless, Wall Street is taking Chicago Pacific seriously.

First, the former railway company is offering shareholders in Textron a hefty premium to the market price – $43 a share against a 12-month high of $35¾ and an all time high of $38½.

Second, the Chicago Pacific board is not one that can easily be ignored. In its recently reconstructed form, it looks like yet another example of the groups of entrepreneurs and professional managers put together to pursue the latest fad for leveraged deals. It has plenty of market knowledge, a fair amount of private financial muscle and a leavening of executive experience.

On the entrepreneurial side, about 20 per cent of Chicago Pacific is split equally between Mr David Murdock, the investor who made his name at Occidental Petroleum, and the Crown family of Chicago, said to be worth around $900m, and known for its astute dealing in a variety of special situations.

Chicago Pacific said yesterday that its $43 a share offer to acquire Textron "is negotiable in all respects." The statement, seen as an indication that the company might sweeten its bid, was contained in a weekend letter from Mr Harvey Kapnick, Chicago Pacific's chairman, to Textron's senior management.

Mr Murdock, after pulling out of Occidental at considerable profit after disagreements with its octogenarian chairman, Dr Armand Hammer, recently emerged as the driving force in the winning bid for Continental Group, the financial products company which had been pursued by Sir James Goldsmith. He is very wealthy – Forbes Magazine puts his fortune at around $500m – and is a businessman who has made his name partly by running companies, but also by having a keen eye for undervalued assets.

The Crown family is perhaps best known for its dealings in the Empire State Building, which it sold for a profit of $31m in 1969, but it also owns substantial property investments and has a big slice of General Dynamics, the defence group.

The chairman of Chicago Pacific, Mr Harvey Kapnick, comes from a very different background, though with a redoubtable reputation in his own field. An accountant, he is generally given the credit for turning the accounting firm Arthur Andersen into a worldwide force during his chairmanship in the 1970s.

He is noted in the auditing world for his strong views and stubbornness, both characteristics that re-emerged during a spell at First National Bank of Chicago. As deputy chairman, he tried to organise a boardroom revolt against the chairman, Mr Robert Abboud, which ended only when both men were asked to leave.

This group of individuals owe it to a bankruptcy judge for bringing them together. In 1975, when the old Rock Island railroad first slipped into the bankruptcy courts, the presiding judge asked it to struggle on. In 1980, however, he rejected a rescue proposal from the trustee and ordered the company to be liquidated, a process which has generated the $300m of cash. In June, the company was dismissed from the court, and re-emerged in its present form with its newly constituted board.

At that time, Chicago Pacific made it clear that it wanted to become a sort of holding company, leveraging its way into various industrial situations. It said it was aiming to take over sector leaders, and indicated that it wanted companies with strong managements that could be retained. It added that it wanted to avoid high risk situations, and might sell off divisions of acquisitions if they were not performing satisfactorily.

Textron fits this mould almost perfectly. Its most important divisions is its Bell Helicopter business, though it also has several other strong brand names, such as Homelite chainsaws, Bostitch stapling equipment and Jacobsen lawnmowers. In addition, it has several divisions which might be sold to pay off debt, and is generally felt to be moving into a growth period after two years of depressed profits.

The one area where it does not fit Chicago's targets is in size – it is about twice as big as the type of company Chicago originally thought of bidding for. It now remains to be seen whether it will be too much for the digestion of a company which has been on a strictly enforced slimming diet for the last nine years.

Lincoln Life sells holding in Dominion

By Bernard Simon in Toronto

CANADA's Manufacturers Life, the mutual insurance group, has provisionally agreed to buy the 89 per cent interest of Lincoln National Life of Fort Wayne, Indiana, in Dominion Life Assurance, a medium-sized Canadian insurer based in Waterloo, Ontario.

The acquisition, valued at C$140m ($106.4m), will boost Manufacturers Life assets by 14 per cent to about C$10.8bn based on assets at the end of 1983.

Manufacturers Life is Canada's second largest insurer after Sun Life. Its 1983 premium income totalled C$578m, compared with C$183m for Dominion Life.

The transaction is subject to regulatory approval and ratification by Manufacturers Life policy holders.

Under the provisional agreement, Lincoln National will receive C$157.50 a share for its 89 per cent interest in Dominion Life, Manufacturers Life said that Dominion minority shareholders will receive a similar offer "in due course."

Lincoln National indicated last June that it had decided to sell Dominion Life to concentrate on its U.S. business. It considered bids from 40 potential buyers in the U.S., Canada and Europe.

Dominion recorded an 8 per cent drop in revenues last year after withdrawing from the U.S. group insurance market and suffering a decline in annuity sales following Canadian tax changes.

Manufacturers Life has sales offices in North America, Britain, the Middle East, South-east Asia and the Caribbean.

The U.S. accounted for 54 per cent of premium income last year, Canada 34 per cent and Britain 7 per cent.

Europrogramme head faces probe call

BY ALAN FRIEDMAN IN MILAN

A SWISS magistrate has been asked to open a criminal investigation into the financial dealings of Sig Orazio Bagnasco, the Italian financier who controls the troubled Lugano-based Europrogramme property fund.

The request comes from 105 Europrogramme shareholders who together hold L3bn to L4bn ($1.6m-$2.1m) of unit trust shares in the fund. The fund totals L1,000bn.

According to Sig Giuseppe Conte, the Genoa-based lawyer who is handling the request, an actual investigation was confirmed to him during a meeting in Lugano on October 9 with Dr Paolo Bernasconi, the chief prosecutor in Lugano. Sig Conte said that he presented to the Swiss in July a 40-page dossier on alleged illicit dealings by the board of Europrogramme. He claimed that the report provided details of misappropriations from the Bagnasco fund.

Sig Conte said he will be meeting the Lugano prosecutor again tomorrow to discuss the case. He said he was also in touch with Italian magistrates. "The behaviour of Europrogramme does not conform to either Italian or Swiss laws and we have documented the charges in our report," he added.

Dr Bernasconi's office in Lugano refused to comment on the matter, saying that all enquiries for information or confirmation of the investigation were being turned down.

At Europrogramme headquarters in Lugano, however, a senior colleague of Sig Bagnasco claimed that the investigation "has not actually been opened." The Europrogramme executive said only that "a dossier was presented to the Lugano prosecutor and it is being reviewed."

Last week it emerged that the Swiss federal banking commission had extended until March next year the ban on the redemption of Europrogramme shares.

A number of Europrogramme shareholders are demanding the immediate redemption of L70bn to L80bn of shares, but Europrogramme said last week its liquidity was only L30bn.

The possible Swiss criminal investigation marks a heightening of tension in the Europrogramme affair, which has already scandalised several prominent Italians. Among those critical of Sig Bagnasco and Europrogramme has been Prof Guido Rossi, the distinguished ex-president of Italy's Consob stockmarket authority. Prof Rossi has recommended that Europrogramme be liquidated and its 75,000 shareholders paid off.

Adam promotion costs hit earnings at Coleco

BY OUR FINANCIAL STAFF

HEAVY promotion costs for the Adam home computer, and a reduction in value of consumer electronics assets, have hit third-quarter net earnings at Coleco Industries, the U.S. toy maker.

The moves reduced pre-tax earnings by about $30m, and left Coleco with net profits of $3.8m or 23 cents a share, up from $2.3m or 14 cents in the 1983 quarter. Profits for the nine months were $13.4m or 83 cents a share, against $27.6m or $1.71, while sales rose from $421m to $534m, with $181.3m ($114.5m) in the latest quarter.

The company warned that "near-term uncertainties" in the consumer electronics market were such that 1984 operating losses in this sector could offset earnings from the traditional toy business.

Peugeot first-half sales surge

BY PAUL BETTS IN PARIS

PEUGEOT, the major French private car group, reported at the weekend a 7.3 per cent advance in first half group sales to FFr 46.4bn ($5bn) compared with the first six months of last year.

This sales increase in a declining French car market reflects the commercial success of the Peugeot 205 small and Citroën BX medium-sized saloon models.

The group also said it would report lower losses this year. Peugeot lost FFr 2.59bn last year but after major restructuring and the launch of successful new models, its financial peformance appears to have started a tentative recovery.

The group is still burdened, however, by substantial financial charges and the costs of its restructuring programme.

Peugeot managed to hold a 33.2 per cent share of the market – the same as in the first half of 1983. In Europe as a whole, sales of the group's three car marques – Peugeot, Talbot and Citroën – advanced 3.3 per cent in the first half.

The group said it had cut 8,400 jobs in the first half of the year. The largest number of cuts was at Peugeot-Talbot where 6,400 workers were laid off.

The group also reported first half earnings of FFr 3.2m) at its Cycles Peugeot bicycle and moped division. This subsidiary lost FFr 23.4m in the first half of last year.

R. J. Reynolds begins share buy-back plan

BY TERRY BYLAND IN NEW YORK

R. J. REYNOLDS, the U.S. tobacco group, yesterday announced its first move to re-employ the proceeds from the $1.7bn sale of its Aminoil energy subsidiary.

Reynolds, number two in the U.S. cigarette industry, is to buy back up to 10m shares, or 8.8 per of the issued equity, for $735m. The directors said that this represented "the first phase" in a continuing repurchase programme.

The company will pay $73.50 a share for stock, against a market price yesterday of $68⅞. Stock tendered will not receive the increased quarterly dividend of 85 cents, for which the record date has been changed to November 23.

INTERNATIONAL COMPANY NEWS

Spain limits Lesieur oil takeover plans

BY DAVID WHITE IN MADRID

LESIEUR, the French foods group, is expected to reply within the next few days to Spanish Government proposals which would scale down its planned stake in Spain's edible oils sector.

An agriculture ministry spokesman said yesterday the proposals would also entail Spanish interests taking a minority shareholding in the French concern in exchange for its major role in the Spanish market.

The proposals were drawn up by the ministry in response to a sharp reaction by Spanish edible oil companies against Lesieur's takeover projects, which would bring approximately half the sector under French control.

Lesieur's plans involved a bid to assume control of the leading oil processing company, Koipe, in which it already holds just under 50 per cent, and a Pta 4.4 bn ($26m) takeover deal for the number two company, Carbonell.

The Carbonell deal, which has been awaiting government approval since June, sparked off an apparent division between the agriculture ministry, anxious to try to retain Spanish control over this key farming sector, and the finance ministry, which seemed prepared to endorse the takeover.

The new proposals follow unsuccessful attempts by a third Spanish company, Elosua to mount a competitive bid for Carbonell.

Under the government plans, Lesieur would take 35 per cent of Carbonell, instead of 100 per cent, and would reduce its holding in Koipe to the same level of 35 per cent.

The remaining 65 per cent of Carbonell would be shared among a group of Spanish companies in the sector, including Koipe, with the possible participation of Carbonell's current sole shareholders, Banco Hispano Americano.

Club Med to acquire 5% holding in Wagons-Lits

BY DAVID MARSH IN PARIS

CLUB MEDITERRANEE, the French tourist operator, is to take a 5 per cent stake in Compagnie Internationale des Wagon-Lits, the Belgian leisure activities and rail transport company.

The acquisition is designed to allow the two groups to put into effect long standing objectives to pool resources in certain parts of the international hotel, tourist and restaurant business, although no firm plans have yet been disclosed.

Agreement coincides with a significant move by Wagon-Lits into the French hotel industry following the accord last week under which it will buy the Frantel hotel chain from the Banque Populaire.

The Club Med move is part of a shareholder restructuring involving the pull-out of the Italian Instituto per la Ricostruzione Industriale group, which previously held a 12 per cent stake.

Part of this stake will be sold to the Saudi Rolaco group. The Caisse des Depots et Consignations, the French state financing agency, which holds 30 per cent of Wagons-Lits, has agreed to sell 5 per cent to Club Med, but is at the same time acquiring another small stake previously held by the Paribas group.

Nova-Park conflict settled

BY JOHN WICKS IN ZURICH

THE CONFLICT within Nova-Park, Swiss hotels group, has been solved. All pending suits are to be settled out of court and dissident shareholders have withdrawn demands for the court appointment of a special supervisory board.

This is expected to lead to the financial reorganisation of the company, which is confronted with net borrowings of more than SwFr 100m ($40m). The merchant bank called in to help with this plan is now known to be Kleinwort Benson.

Disagreement had arisen within Nova-Park following an extraordinary general meeting on August 20 when the company founder, Mr Rene Hatt, was elected to replace Dr Artur Bezzola as managing director. Mr Hatt had been ousted in favour of Dr Bezzola in March.

A group of shareholders disputed the outcome of the August meeting and was successful in keeping Mr Hatt's reappointment from being made official.

The Bezzola party has now ceased to oppose the decisions of the August AGM. Dr Bezzola is to carry out a "control function" in a management company which forms part of the group.

Jonathan Carr goes behind the scenes in the row between Telefunken and its French parent company

Thomson surmounts a management crisis in Germany

AT FIRST sight the management storm at Telefunken, the West German-based consumer electronics company, seems wholly superfluous. But a closer look reveals a lot about the problems of an industry, once proudly German, which has increasingly slipped into foreign hands.

The storm erupted last week when the three members of the executive board resigned rather than sign a policy document put before them by the company's owner, *Thomson-Brandt* of France. The three, led by the dynamic chief executive Dr Josef Stoffels, argued that the conditions laid down by Thomson would excessively restrict their scope for independent decision-taking.

The directors had the sympathy and support of many in the 3,100-strong labour force, who feared that a new company strategy imposed from Paris and involving job losses could be in the offing. But no sooner had the trio stepped down than Thomson announced broad support for Telefunken's existing policies, stressed that production would continue in all company plants (Hannover, Celle and Braunschweig) and said job cuts were not planned. In that case, a lot of people were asking by the weekend, why on earth did Dr Stoffels and his colleagues throw in the towel?

At least part of the answer lies in a personality clash between Telefunken's former chief executive and some on the French side. Dr Stoffels, aged 56, is a man of very strong will with a sharp tongue before which many competitors—and not a few colleagues—have cringed. He evidently rubbed some of the Thomson people up the wrong way—perhaps including the fiery and determined boss of the French concern, M Alain Gomez.

But that personality problem alone could hardly have led to last week's *eclat* had not Dr Stoffels and his colleagues felt that the fruits of years of effort at Telefunken were in grave danger of being squandered. It is pointed out that the company revamped its strategy and went through a drastic slimming cure for the most part before Thomson arrived on the scene. Between 1981 and 1983 the company increased turnover by just 12 per cent while forcing down costs and cutting the labour force by 40 per cent. As a result last year—when Thomson acquired 75 per cent of the capital from the ailing AEG concern—Telefunken was able to show a modest profit of DM 8m ($2.6m) after years of losses, on turnover of DM 1.06bn.

This year, during which Thomson has taken over the remaining capital, business is booming. First half sales of colour television sets (which account for around 60 per cent of turnover) were up by 24 per cent and sales of video recorders by 28 per cent. Profit for the year is expected to be at least DM 40m. In other words, so Telefunken argues, Thomson has every reason to be pleased with the performance of its new acquisition—and not to interfere with a strategy which has proved its worth.

Thomson stressed last week that it well recognised the success achieved. But the French state-owned giant clearly feels it must set the Telefunken operation in a wider business context. It already owns Saba and Nordmende, two other German-based companies which are direct competitors with Telefunken in the television market, as well as Dual, the hi-fi concern in the Black Forest region. Thomson has pushed through a lot of rationalisation and production co-ordination at Nordmende and Saba and is keen to draw Telefunken more closely into the group. For example, it would seem to make sense from Thomson's point of view to have its German holdings producing the same size of TV chassis (Telefunken's is a bit bigger than that of its competitors) and concentrating manufacturing at fewer plants.

Alain Gomez, Thomson's fiery and determined head

Telefunken's previous management evidently learned that such a plan was in the offing and hotly contested it. Telefunken's return to success over the past year or two, it is claimed, was built on a policy of concentration, individual design and quality. The company cut back the number of TV models it offered by more than 40 per cent but aimed at the top end of the market through specialist dealers at stable prices. The fear is that this strategy might be turned on its head—with potentially disastrous financial results—if Telefunken is more closely integrated into the Thomson group.

Thomson can justly argue that, after all, it owns Telefunken lock, stock and barrel; that it has sought to give fair assurances about the future—but that it has a right to take all the decisions it thinks fit for its group. But it is up against grave difficulties.

For one thing, it is involved with an enterprise which, despite its dire troubles in the last decade or so, is a part of German history and proud of it. Telefunken was founded in 1903 as a company for wireless telegraphy by AEG and Siemens; its transmitters began public broadcasting in Germany in the 1920s and it has many famous innovations to its name. At least part of the resistance to being drawn into a bigger group ultimately responsible to Paris must be seen against this background.

Further, when Thomson took over last year there were a lot of suggestions that the French might act as "job killers," hardly fair in view of the cuts the former Telefunken management had felt forced to make. The latest developments, resulting in the resignation of the executive board, have increased those fears and produced an atmosphere in which it will be harder for the French to push ahead with their own plans. Under the German co-determination system, labour representatives have one half of the seats on the supervisory board.

They cannot completely block decisions they dislike, but they pose big problems for owners and managers in a hurry. They can also carry disputes out of the boardroom and into the open if they feel deeply enough about them.

It is a daunting prospect for M Bernard Gilliot of the Thomson group, who is Telefunken's designated chief executive. His job is going to be at least as sensitive as that of Mr Hermanus Koning, the Dutchman from Philips who took over the top post at Grundig earlier this year. In both cases non-Germans have to steer famed German electronics companies into roles which only a few years ago would have seemed inconceivable.

N. AMERICAN QUARTERLY RESULTS

AMP
Industrial eqpt.

Third quarter	1984 $	1983 $
Revenue	453.6m	388.1m
Net profits	49.5m	42.4m
Net per share	0.46	0.40

ANCHOR HOCKING
Glass tableware, containers

Third quarter	1984 $	1983 $
Revenue	179.3m	181.7m
Op. net profits	811,000	7.5m
Op. net per share	0.07	0.75
Nine months		
Revenue	521.3m	513.7m
Op. net profits	4.5m	16.1m
Op. net per share	0.43	1.69

CITY INVESTING
Insurance, heating eqpt., housing

Third quarter	1984 $	1983 $
Revenue	1.07bn	1.08bn
Net profits	47.0m	54.0m
Net per share	0.99	1.19
Nine months		
Revenue	3.21bn	3.10bn
Net profits	140.0m	121.0m
Net per share	2.96	2.83

COMPUTERVISION
CAD/CAM systems

Third quarter	1984 $	1983 $
Revenue	137.1m	104.0m
Net profits	4.7m	9.1m
Net per share	0.16	0.32
Nine months		
Revenue	392.5m	288.4m
Net profits	25.5m	24.9m
Net per share	0.92	0.87

COOPER INDUSTRIES
Tools, electrical eqpt.

Third quarter	1984 $	1983 $
Revenue	504.6m	445.2m
Net profits	30.2m	15m
Net per share	0.62	0.55
Nine months		
Revenue	1.49bn	1.35bn
Net profits	74.1m	45.1m
Net per share	1.45	0.77

CRANE
Industrial products

Third quarter	1984 $	1983 $
Revenue	214.1m	217.9m
Net profits	11.2m	8.1m†
Net per share	1.20	0.78†
Nine months		
Revenue	605.2m	577.2m
Net profits	21.8m	22.4m†
Net per share	2.20	2.15†

†Loss

DAISY SYSTEM
Computer aided engineering

Fourth quarter	1983-84 $	1982-83 $
Revenue	21.8m	7.32m
Net profits	2.3m	1.7m
Net per share	0.22	0.11
Year		
Revenue	68.1m	17.5m
Net profits	11.03m	2.58m
Net per share	0.73	0.19

DOMTAR
Chemicals, paper prds.

Third quarter	1984 C$	1983 C$
Revenue	509.1m	480.7m
Op. net profits	23.3m	16.7m
Op. net per share	1.20	0.91
Nine months		
Revenue	1.54bn	1.34bn
Op. net profits	70.2m	25.2m
Op. net per share	3.67	1.36

EMERY AIR FREIGHT
Freight carrier

Third quarter	1984 $	1983 $
Revenue	204.2m	179.2m
Net profits	9.5m	7.8m
Net per share	0.51	0.45
Nine months		
Revenue	596.8m	488.6m
Net profits	23.9m	17.8m
Net per share	1.28	1.05

ENGLEHARD
Precious metals

Third quarter	1984 $	1983 $
Revenue	619.9m	397.1m
Net profits	25.8m	19.1m
Net per share	0.96	0.71
Nine months		
Revenue	1.86bn	1.62bn
Net profits	28.6m	53.2m
Net per share	1.86	1.97

FREEPORT-McMORAN
Natural resources

Third quarter	1984 $	1983 $
Revenue	205.3m	194.7m
Net profits	21.3m	28.5m
Net per share	0.31	0.41
Nine months		
Revenue	625.8m	585.1m
Net profits	69.2m	70.5m
Net per share	0.96	1.01

GERBER PRODUCTS
Baby foods, trucking

Second quarter	1984-85 $	1983-84 $
Revenue	240.3m	191.7m
Op. net profits	14.5m	13.4m
Op. net per share	0.71	0.66
Six month		
Revenue	465.1m	383.7m
Net profits	27.1m	25.1m
Net per share	1.33	1.25

GILLETTE
Toiletries

Third quarter	1984 $	1983 $
Revenue	597m	541m
Net profits	43.7m	39.3m
Net per share	1.42	1.29
Nine months		
Revenue	1.69bn	1.61bn
Net profits	122m	109.7m
Net per share	3.97	3.60

HARRIS CORP.
Electronics

First quarter	1984-85 $	1983-84 $
Revenue	511.7m	432.5m
Net profits	25.3m	18.4m
Net per share	0.63	0.46

JWT GROUP
Advertising, PR

Third quarter	1984 $	1983 $
Revenue	126.8m	108.1m
Net profits	4.8m	3.9m
Net per share	0.78	0.65
Nine months		
Revenue	375.7m	328.6m
Net profits	14.7m	11.0m
Net per share	2.41	1.93

MANVILLE
Mining, asbetos products

Third quarter	1984 $	1983 $
Revenue	511.9m	476.0m
Net profits	28.2m	20.3m
Net per share	0.92	0.59
Nine months		
Revenue	1.36bn	1.30bn
Net profits	59.0m	65.9m
Net per share	1.68	1.97

MARTIN MARIETTA
Aerospace, building materials

Third quarter	1984 $	1983 $
Revenue	1bn	810.9m
Net profits	324m†*	33.1m
Net per share	9.42†	0.96
Nine months		
Revenue	2.8bn	2.1bn
Net profits	225.1m†*	103.9m
Net per share	6.72†	3.23

†Loss
* Includes $355m charge on disposal

MAYTAG
Laundry equipment

Third quarter	1984 $	1983 $
Revenue	154.6m	157m
Net profits	15.52m	17.04m
Net per share	1.14	1.22
Nine months		
Revenue	490.2m	455.7m
Net profits	48m	45.9m
Net per share	3.51	3.30

MESA PETROLEUM
Oil and gas

Third quarter	1984 $	1983 $
Revenue	138.2m	95.0m
Net profits	13.2m	47.1m
Net per share	0.16	0.68
Nine months		
Revenue	391.1m	302.9m
Net profits	256.4m	105.9m
Net per share	0.75	0.89

NEW YORK TIMES
Diversified media business

Third quarter	1984 $	1983 $
Revenue	289.1m	250.7m
Net profits	20.4m	14.6m
Net per share	0.51	0.37
Nine months		
Revenue	893m	793.2m
Net profits	72.6m	57.8m
Net per share	1.83	1.46

NORFOLK SOUTHERN
Railway holding company

Third quarter	1984 $	1983 $
Revenue	904.9m	798.1m
Net profits	134.7m	102.8m
Net per share	2.14	1.63
Nine months		
Revenue	2.71bn	2.3bn
Net profits	374.0m	255.2m
Net per share	5.94	4.06

OCEAN DRILLING & EXPLORATION
Oil and gas

Third quarter	1984 $	1983 $
Revenue	183.79m	206.57m
Net profits	20.05m	29.39m
Net per share	0.39	0.57
Nine months		
Revenue	551.89m	662.67m
Net profits	64.12m	98.18m
Net per share	1.24	1.90

PABST BREWING
Brewing

Third quarter	1984 $	1983 $
Revenue	195.9m	227.7m
Net profits	987,000†	2.5m
Net per share	0.16	0.41
Nine months		
Revenue	596.7m	631.1m
Net profits	83,000	6.5m
Net per share	0.01	0.47†

†Loss

PANHANDLE EASTERN
Gas pipeline operator

Third quarter	1984 $	1983 $
Revenue	669.9m	666.0m
Net profits	21.2m	22.1m
Net per share	0.49	0.53
Nine months		
Revenue	2.35bn	2.43bn
Net profits	119.1m	110.6m
Net per share	2.78	2.65

PENNZOIL
Natural resources company

Third quarter	1984 $	1983 $
Revenue	650.2m	587.2m
Net profits	58.0m	36.0m
Net per share	1.06	0.66
Nine months		
Revenue	1.93bn	1.71bn
Net profits	179.9m	106.6m
Net per share	3.24	2.01

PHILADELPHIA ELECTRIC
Utility

Third quarter	1984 $	1983 $
Revenue	755.6m	668.3m
Net profits	132.3m	122m
Net per share	0.73	0.78
Nine months		
Revenue	2.27bn	1.86bn
Net profits	375.3m	302m
Net per share	2.11	1.92

PHILLIPS PETROLEUM
Integrated oil and gas group

Third quarter	1984 $	1983 $
Revenue	3.74bn	3.89bn
Net profits	217m	176m
Net per share	1.40	1.15
Nine months		
Revenue	11.75bn	11.32bn
Net profits	641m	474m
Net per share	4.16	3.10

POLAROID
Instant photography

Third quarter	1984 $	1983 $
Revenue	307.8m	307.2m
Net profits	1.7m	16.9m
Net per share	0.06	0.55
Nine months		
Revenue	884.7m	862.8m
Net profits	15.4m	24.4m
Net per share	0.50	0.79

PITTSTON
Coal producer

Third quarter	1984 $	1983 $
Revenue	350.1m	310.9m
Net profits	3.02m	†0.52m
Net per share	0.8	†0.01
Nine months		
Revenue	1.01bn	890m
Net profits	†1.01m	1.04m
Net per share	†0.03	0.03

†Loss

PRENTICE-HALL
Publishing

Third quarter	1984 $	1983 $
Revenue	144.4m	131.2m
Net profits	19.1m	18.5m
Net per share	1.92	1.86
Nine months		
Revenue	345.5m	314.5m
Net profits	20.9m	24.3m
Net per share	2.08	2.45

PRIME COMPUTER
Computer maker

Third quarter	1984 $	1983 $
Revenue	165m	131.3m
Net profits	21.9m	7.67m
Net per share	0.46	0.16
Nine months		
Revenue	472m	373.7m
Net profits	44.9m	22.5m
Net per share	0.94	0.47

PROCTER AND GAMBLE
Soaps, detergents, foods

First quarter	1984-85 $	1983-84 $
Revenue	3.48bn	3.28bn
Net profits	223m	273m
Net per share	1.34	1.64

REVLON
Cosmetics

Third quarter	1984 $	1983 $
Revenue	617.1m	600.5m
Net profits	23.4m	20.5m
Net per share	0.61	0.56
Nine months		
Revenue	1.76bn	17.74bn
Net profits	78.8m	74.4m
Net per share	2.12	1.78

RYDER SYSTEM
Vehicle lessor

Third quarter	1984 $	1983 $
Revenue	629.7m	532.6m
Op. net profits	33.3m	28.2m
Op. net per share	1.40	1.20
Nine months		
Revenue	1.83bn	1.48bn
Op. net profits	87.3m	71m
Op. net per share	3.69	3.03

SCIENTIFIC-ATLANTA
Satellite comms. eqpt.

First quarter	1984-85 $	1983-84 $
Revenue	108.9m	90.9m
Net profits	3.5m	2.5m
Net per share	0.14	0.10

SHELL CANADA
Oil refining

Third quarter	1984 C$	1983 C$
Revenue	1.41bn	1.4bn
Net profits	33m	39m
Net per share	0.25	0.35
Nine months		
Revenue	4.21bn	3.92bn
Net profits	119m	77m
Net per share	0.95	0.64

SINGER
Sewing machines, defence products

Third quarter	1984 $	1983 $
Revenue	605.2m	606.2m
Net profits	11.5m	8.9m
Net per share	0.59	0.43m
Nine months		
Revenue	1.84bn	1.82bn
Net profits	44.9m	17.7m
Net per share	2.34	0.79

SMITH INTL.
Drilling eqpt.

Third quarter	1984 $	1983 $
Revenue	192.9m	168.9m
Net profits	3.6m	90.8m†
Net per share	0.16	—
Nine months		
Revenue	548.1m	514.8m
Net profits	7.5m	90.8m†
Net per share	0.33	—

†Loss

SONAT
Energy and natural resources

Third quarter	1984 $	1983 $
Revenue	557.1m	561.8m
Net profits	48m	50.4m
Net per share	1.21	1.35
Nine months		
Revenue	1.99bn	1.89bn
Net profits	167.9m	168.8m
Net per share	4.15	4.17

A. E. STALEY MANUFACTURING
Corn wet milling

Forth quarter	1983-84 $	1982-83 $
Revenue	535.1m	495.2m
Net profits	15.7m	8.2m
Net per share	0.55	0.18
Year		
Revenue	2.14bn	1.66bn
Net profits	36.0m	3.7m
Net per share	1.26	0.47

STANLEY WORKS
Hard tools

Third quarter	1984 $	1983 $
Revenue	294.8m	248.2m
Net profits	18.1m	14m
Net per share	0.65	0.51
Nine months		
Revenue	883.4m	725.8m
Net profits	50m	32.1m
Net per share	1.79	1.17

STONE CONTAINER
Containers, paperboard

Third quarter	1984 $	1983 $
Revenue	318.4m	138.2m
Net profits	13.8m	1.7m
Net per share	0.98	0.14
Nine months		
Revenue	947.8m	387.3m
Net profits	25.8m	2.3m
Net per share	1.82	0.18

ST. REGIS
Forest products

Third quarter	1984 $	1983 $
Revenue	703.4m	728.1m
Net profits	40.7m	19.4m
Net per share	1.39	0.48
Nine months		
Revenue	2.27bn	2.05bn
Net profits	116.2m	42.1m
Net per share	3.27	1.11

SQUIBB
Drugs, cosmetics

Third quarter	1984 $	1983 $
Revenue	492.2m	459.8m
Net profits	63.4m	58.5m
Net per share	1.18	1.08
Nine months		
Revenue	1.36bn	1.29bn
Net profits	147.4m	130.6m
Net per share	2.75	2.49

SUN CO.
Integrated oil company

Third quarter	1984 $	1983 $
Revenue	3.43bn	3.77bn
Net profits	122m	167m
Net per share	1.08	1.41
Nine months		
Revenue	11.5bn	11.3bn
Net profits	402m	392m
Net per share	3.48	3.31

TIMES MIRROR
Newspapers, forest products

Third quarter	1984 $	1983 $
Revenue	880.8m	817.9m
Net profits	49.8m	45.3m
Net per share	0.80	0.66
Nine months		
Revenue	2.05bn	1.8bn
Net profits	140m	117.9m
Net per share	2.17	1.71

TRIBUNE
Diversified media business

Third quarter	1984 $	1983 $
Revenue	432m	390m
Net profits	27.9m	12.5m
Net per share	0.80	0.35
Nine months		
Revenue	1.30bn	1.18bn
Net profits	67.1m	35.2m
Net per share	1.88	0.99

WHITE CONS. INDUSTRIES
Household appliances

Third quarter	1984 $	1983 $
Revenue	498.2m	554.0m
Net profits	14.4m	16.9m
Net per share	0.89	1.02
Nine months		
Revenue	1.49bn	1.51bn
Net profits	41.3m	38.1m
Net per share	2.52	2.39

UNIROYAL
Tyres, chemicals, plastics

Third quarter	1984 $	1983 $
Revenue	528.0m	509.1m
Op. net profits	35.0m	12.7m
Op. net per share	0.70	0.36
Nine months		
Revenue	1.60bn	1.50bn
Op. net profits	72.3m	38.8m
Op. net per share	2.09	1.11

U.S. HOME
Homebuilder$274m

Third quarter	1984 $	1983 $
Revenue	274m	287.3m
Net profits	33.3m†	7.57m
Net per share	0.47†	0.32
Nine months		
Revenue	930.9m	807.9m
Net profits	33.1m†	26.8m
Net per share	0.83†	0.75

†Loss

U.S. GYPSUM
Gypsum products$633.7m

Third quarter	1984 $	1983 $
Revenue	631.7m	434.3m
Net profits	47.9m	32.2m
Net per share	2.07	1.66
Nine months		
Revenue	1.71bn	1.19bn
Net profits	146.5m	82.8m
Net per share	[illegible]	[illegible]

VIACOM INTL.
TV services, cable

Third quarter	1984 $	1983 $
Revenue	78.8m	70.8m
Net profits	4.3m	4.3m
Net per share	0.35	0.32

INTERNATIONAL COMPANIES and FINANCE

Telegraph costs cut in Bahrain

By Mary Frings in Bahrain

BAHRAIN Telecommunications (Batelco) has agreed to halve the cost of voice-grade leased circuits on the Kuwait and Oman routes, bringing the charges down to BD 860 (US$2,280) per month.

Although Batelco made a 40 per cent reduction in all voice-grade leased circuit charges last year, banks and money brokers in Bahrain's US$60bn offshore market have continued to criticise the high cost of telecommunications, which brokers say account for 30 to 40 per cent of their total operating costs. It is now common practice for dealers and brokers to get their London and Hong Kong offices to call in, at up to half the cost of calling out from Bahrain.

● The Bahrain offshore banking market remained steady in August, with total assets and liabilities unchanged at US$60.8bn, according to figures compiled by the Bahrain Monetary Agency for the 77 reporting banks.

Continental Illinois is due to close its Bahrain offshore banking unit at the end of November, but this will take assets of only just over US$100m out of the market.

Regal Hotels rights issue completes Wyllie rescue

BY DAVID DODWELL IN HONG KONG

REGAL HOTELS, the heavily indebted Hong Kong group controlled since March this year by Mr Bill Wyllie, the Australian entrepreneur, yesterday announced plans for a rights issue and share sale expected to raise just under HK$400m (U.S.$51.2m).

The funds will reduce bank debt from about HK$750m to just under HK$490m, and will eliminate debts of HK$133m owed to Paliburg Investments, an associate company.

The latest move is the last in the group's rescue, Mr Wyllie said yesterday. In August Regal arranged a capital reconstruction, while in June a new credit line was arranged with the Hongkong and Shanghai Banking group. There has also been a steady disposal of surplus property inside the group.

Mr Wyllie predicted that an after-tax loss of HK$52m for the 15 months to end-1984 would be replaced next year by a profit of "not less than HK$36m." He also expects to recommend the resumption of dividend payments next year.

Regal will offer shareholders just under 304m new shares on the basis of one new share for every ordinary share held, at a price of HK$1.10 per share. This will raise about HK$337m after expenses. The company will then sell 12.5m shares in Paliburg to Asia Securities, a company privately owned by Mr Wyllie, with a further 12.5m being sold to a private company controlled by Mr Y. S. Lo, Regal's managing director. This will leave Regal with no holding in Paliburg, and will give Mr Wyllie and Mr Lo together control of about 44 per cent of Paliburg's issued share capital.

As a result the single controlling shareholder in Regal will be Paliburg, with 32.5 per cent.

Mr Wyllie, who has acquired a reputation as a company doctor after his rescues of Hutchison Whampoa, the Hong Kong trading group, and of BSR, the British electronics group which went to the brink of bankruptcy two years ago, said his efforts to restore Regal to profits had been greatly helped by the current boom in Hong Kong's tourist industry.

Regal's two hotels, the Regal Meridien and the Airport Meridien, have been running at 100 per cent occupancy over the past month, and in the 12 months to the end of September, averaged an 88 per cent occupancy level.

Reflecting the group's renewed confidence, Mr Wyllie is planning a HK$180m hotel with 850 rooms at Shatin, close to Hong Kong's border with China, and is even discussing a joint equity venture to bid for Hong Kong's Excelsior Hotel, which has been put on the market by the Hongkong Land group with bids understood to start at around HK$800m.

● Monahan Dayman Adams (MDA) the Australian advertising agency, has purchased Citiad the Hong Kong-based agency previously owned by Mandarin International Hotels, for a sum understood to be less than HK$1m (U.S.$128,000).

MDA, which in 1983 had billings in excess of A$130m (U.S.$110m) has offices in all major Australian cities as well as Auckland, Wellington and Singapore. The purchase is seen as part of the group's expansion in the Western Pacific region.

Sharp rise in NEC earnings

By Yoko Shibata in Tokyo

NEC CORPORATION, the Japanese telecommunications and electronics manufacturer, has reported a strong increase in parent company net profits from Y13.2bn to Y23.02bn ($93.8m) for the half-year ended September 30. Sales during the period rose from Y646.88bn to Y876.34bn ($3.5bn), and an interim dividend of Y4 per share will be paid, compared with Y3.75 for the same period a year earlier.

For the full year, NEC is predicting sales of Y1,870bn compared with Y1,460bn last year, with after-tax profits of Y50bn against Y34.64bn, and hopes to pay a dividend of Y8.

Sales of electronics devices rose by 57.4 per cent in the half, while sales of computers and of telecommunications equipment rose by 35 per cent and 33 per cent respectively.

The company is forecasting a continuing tight market for its range of semiconductors during the rest of this fiscal year. Production is being concentrated increasingly on its 256K random access memory chips, with a total capital outlay of Y150bn envisaged for the current year.

Property development to be core business at Sime

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, the Malaysian plantation-based conglomerate, expects property development to be one of its "core businesses" in the coming years, Tunku Ahmad Yahya, it's chief executive, told shareholders.

He said with the acquisition of a 32 per cent stake in United Estates Projects, Sime was well placed to undertake major property projects considering its substantial land assets, many of which were suitable for development. UEP is the developer of the highly successful township of Subang Jaya outside Kuala Lumpur.

Tunku Ahmad said Sime would give priority to the development of the 1,800-acre Seafield Estate, owned by its 67 per cent subsidiary, Consolidated Plantations. Seafield Estate, lying adjacent to Subang Jaya, would be developed into a township of 75,000 over the next 25 years, he said.

Sime had a good year to June, recording pre-tax profits of 214m Ringgit (U.S.$90m) but analysts see little growth for its traditional activities — plantations and tractors — and regard its recent diversification into property and insurance as logical moves.

Several shareholders at the Annual General Meeting last Saturday criticised Sime for the sale of large pieces of land which had real estate potential. Since the sale of Taiping Consolidated to three statutory agencies last year, the agencies have announced plans to develop Taiping's 2,500-acre estate into a township of 200,000.

Tunku Ahmad argued that Sime received fair value for all its land sales and hinted that it had to take into account certain political influences. He assured shareholders that the land sales were done in the best interests of the company.

● ARAB MALAYSIAN Development, the diversified group, formerly known as Taiping Textiles, has reported strong earnings growth, with pre-tax profits for the six months to September, at 22.5m ringgit (U.S.$9.3m) compared with 1.2m ringgit previously.

The sharp increase was the result of the recent acquisition of 45 per cent of Arab Malaysian Merchant Bank and several property companies.

The textile operations turned in profits of 2m ringgit compared with only 60,000 ringgit previously despite difficult market conditions and the property division recorded pre-tax earnings of 7.3m ringgit compared with 1.1m ringgit, due to the completion of several projects.

Arab Malaysian Merchant Bank, the largest of Malaysia's 12 merchant banks, continued its strong growth and pre-tax profits advanced by 37 per cent to 27.3m ringgit. Deposits rose by 62 per cent to 1.95bn ringgit.

UK COMPANY NEWS

'Reasonable' £1m rise at Avana—interim increased

AN INCREASE of over £1m in first half pre-tax profits achieved by the Avana Group is considered a "reasonable performance" by the directors in the light of the problems the company has faced.

The rise is in line with a gain in turnover of £13.13m, which included the first time sales from O. P. Chocolate, acquired from Nabisco Brands just over a year ago.

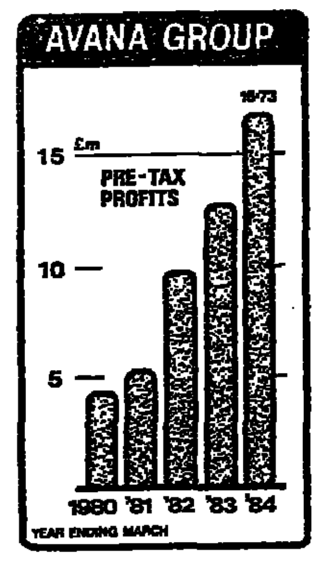
Group profit for the period to September 29 1984 was up from £6.67m to £7.71m on a turnover of £98.56m (£85.43m). The interim dividend is being lifted from 3.75p to 4.5p net.

Avana is engaged in food processing, and among its activities is the supply of cakes to Marks & Spencer. The group's management continued to put emphasis on product innovation and control of costs "Given that there is no substantial increase in raw materials prices, growth in the second half should be at a stronger rate than in the first."

Depreciation in the half year rose to £1.98m (£1.5m) and interest charges came to £489,000 (£550,000), while the contribution from associates was up to £250,000 (£30,000). After much higher tax £3.04m (£1.67m) and unchanged minorities £652,000, the net attributable profit is down to £4.02m (£4.35m) for earnings of 13.3p (14.26p) per share. For the year ended March 31, 1984, the pre-tax profit was £16.73m and the final dividend 5.625p.

Difficulties encountered at R. F. Brookes (meat pies, savoury products and convenience foods) are being resolved and benefits will be seen from the new factory next year. At Viota Foods (breakfast cereals and cake mixes) the capital development is on schedule with completion in mid-1985 anticipated to yield considerable benefits.

By mid-1985 Lesme (chocolate and couvertures) should be enjoying a single site operation at Banbury. Re-equipment of the O.P. factory at Dowlais is virtually complete and the rewards are already apparent. In France at the Peny factory (canned vegetables and convenience foods) recent investments have been effective.



See Lex

Manganese Bronze up £0.8m in second half

THE TRADITIONALLY stronger second half at Manganese Bronze Holdings has boosted taxable profits from £467,000 to £751,000 and lifted the result for the full year by £899,000 to £1.45m.

Turnover of the group, which is split into powder metal, foundries and vehicles, and which manufactures and distributes the London taxicab through subsidiaries improved from £37.25m to £42.49m. Trading profit came out more than doubled at £1.93m against £851,000, but was reduced by higher net interest charges at £486,000 (£303,000).

The directors propose to recommend a final dividend of 2.5p net per share, up from 2.17p, on capital increased by last April's rights issue, with shareholders given the option of new shares or the cash dividend. Stated earnings per share are up from 3.08p to 7.12p.

The group's tax charge for the year consisted of £318,000 current tax (nil), £128,000 deferred tax (nil), and a £47,000 credit for advance corporation tax recovered (paid £71,000).

An extraordinary deduction of £416,000 (credit £165,000) comprised provision for the cost of concentration of production at one factory and the relocation of certain work to another factory at £550,000, less tax relief

● comment

When Manganese Bronze was manufacturing London's famous taxis and Mann and Overton was selling them to the cabbies, Manganese was making very little profit and Mann was making a return of 10¼ per cent pre-tax. Manganese now owns Mann and there is a three month contribution within these figures. The group does not reveal how important the "retail" end of the taxi business was to its leap in trading profits of 127 per cent but it is a fair conclusion that it accounted for a very large part of that advance, especially as the manufacturing side was hit by a three week strike. But if the trading line looks impressive the growth rate evaporates by the time the account gets down to the attributable level. Interest charges are well up and Manganese is paying tax again which is fairly much as expected. Not foreseen, however, is a £550,000 rationalisation charge within the extraordinary items, relating to the sharp contraction of its sintered metal components business. The Birmingham plant is to be shrunk with much of the activity diverted to Ipswich. The shares rose 3p to 59p yesterday where the 6.3 per cent yield and p/e of 6.5 acknowledges the partial recovery while showing a healthy caution to a stock which has had its fair share of disappointments over the years.

Plantation and Gen. triples profits and makes £2.9m rights

PLANTATION and engineering group Plantation and General has produced more than tripled profits in the six months to June 1984, with a pre-tax figure of £1.15m against £338,000 in the previous year.

A *£2.9m convertible rights* issue is proposed and along with an interim dividend up 0.5p at 2p net, a final payment of 3p is proposed (2.5p).

The issue consists of convertible unsecured loan stock on a coupon of 9 per cent, convertible between 1988 and 1999 at *the rate of 32.5 ordinary shares* for each £100 nominal.

The terms of the issue (which is priced at par) are: for every 10 ordinary shares, £7 nominal: for every £500 nominal of the existing 12 per cent convertible stock, £728 of the new; for every £200 nominal of the existing 11.5 per cent convertible notes, £175 *of the new convertible stock.*

On the assumption that the new stock is valued at par, the conversion price is equivalent to 307.7p per share. Plantation and General shares rose 10p yesterday to 292p.

The jump in profits reflects substantially increased results from the Malawi tea plantations, which have benefited from the sharp rise in the tea price. In addition, there is a first-time contribution of £302,000 from the group's associate holding in Anglo-Indonesian Corporation, and further benefits from the consolidation of engineering group Telfos Holdings, in which the group has had a majority holding since October of last year.

Explaining the reasons for the issue, the directors say that the group's expansion in plantation and engineering has hitherto been financed mostly through sales from the investment portfolio and bank borrowings. The £2.9m issue proceeds will enable the group to take advantage of further suitable opportunities for expansion in these sectors.

As to current trading, the price of tea remains firm and is substantially above last year's levels. Given that Anglo-Indonesian has already stated that its full year outlook is reasonable and Telfos *sees its second half as encouraging,* Plantation and General expects a highly satisfactory year for the group as a whole.

● comment

It might seem odd, this late in the day, that Plantation and General feels unable to accompany its rights issue with a full year forecast. This is only partly due to the coyness endemic among tea producers; there is the additional problem of being seen to speak for Telfos and Anglo-Indonesian, both separately quoted companies. Plainly, though, Mr Konrad Legg's latest venture is thriving. The Telfos consolidation adds some £200,000 to pre-tax, but against that is the virtual absence of investment dealing profits, which accounted for close on half of last year's interim pre-tax. Underlying all that is the galvanising effect of the tea price, already seen among other tea producers. It is understandable that the group is keen to extend its engineering interests in line with its plantations—the theory being that stolid metal-bashing in the UK will lift the quality of earnings and safeguard the dividend. At present, though, the attractions of the shares have everything to do with how long the tea price can keep on climbing.

F.T. Share Information

Torchmark Corporation (Section: Insurance, Tracer Inc (Americans)).

NPI boosts new life and pensions business

National Provident Institution, a mutual life company, reports a healthy increase in new life and pensions business at the nine months stage, despite the ending of Life Assurance Premium Relief in this year's Budget.

New annual premiums on all life and pensions business were 13 per cent ahead at the end of September compared with the corresponding period last year, while single premium sales were 66 per cent higher compared with last year.

New annual premiums on traditional life business are virtually unchanged from 1983 levels—the company is not a leader in the mortgage repayment field. However, its linked life Maximum Investment Plan sales show new annual premiums of £1.17m against only £370,000 for the first nine months of last year.

The company reported high sales of the Maximum Investment Plan ahead of the Budget, but sales were depressed in the aftermath of the Budget which removed LAPR. However, the company claims that sales are picking up again, but feels it is still too early to claim a major recovery.

The company's sales of self-employed pensions, a sector in which it is a leader, remained healthy over the period, pensions not being affected by the loss of LAPR. New annual premiums on traditional and unit-linked contracts showed a combined rise of 12 per cent from £8.5m to £9.5m over the nine month period, while single premiums combined climbed 10 per cent from £18.4m to £20.3m.

The success story for NPI has been in the field of single premium life bonds—a field in which traditional life companies are reporting strong sales growth. Sales of Capital Investment Bonds have almost tripled over the period from £9.2m last year to £26.5m.

In the company pensions field, NPI reports a small rise in its new annual premium business and a marked increase in single premium payments.

Cass Group steady and sees growth

Little change in pre-tax profits of £457,000 against £467,000 has been shown by Cass Group for the first half of 1984. The directors say that "major growth" is expected in telecommunications in 1985 and incoming orders continue above last year's levels. The group makes internal communication signalling and pocket paging staff location systems.

The net interim dividend of this USM stock has been lifted from 1.25p to 1.35p. Earnings per 10p share are shown as rising from 4.1p to 4.2p. Tax took £212,000 (£243,000).

Mr E. V. Cass, chairman, has agreed to waive dividends on his holding of 3.32m shares.

In the last full year a total of 4.25p was paid from pre-tax profits of £1.1m.

Turnover expanded from £3.64m to £5.24m in the first half.

A further agreement is being *negotiated with Mitel Telecom* to market, through a separate countrywide distributor network, its new product the "Entrepreneur."

The telecommunications division is being substantially reorganised to meet with the expected growth of sales for the Casstel range of PABX's.

Although the start up sales of the Casstel range have been slower than expected, signs are that future sales budgets will be met.

The turnround of the Davis subsidiary to date has been disappointing but a new management team is in place and a slow improvement is anticipated.

In the leisure division, there has been no major increase in sales over the corresponding period of last year. Traditionally turnover is lower in the first half than in the second.

Aberdeen Trust speeds up growth

Shareholders in the Aberdeen Trust can look forward to substantially increased income and will have the opportunity to review the realisation of the underlying assets by liquidation or consider alternative proposals for the future of the trust. These moves are announced with publication of the results for the year ended September 30, 1984.

These show that available income for the ordinary holders has moved up from £2.35m to £2.64m, equal to 5.28p (4.69p) per share, and that the dividend is lifted from 4.5p to 5.25p net, with a final of 3.45p And at the end of the year the net asset value had increased from 163.8p to 179.1p.

Over the last five years shareholders' income has increased by 77 per cent, and the directors have decided to place "even more" emphasis on raising income and intend to achieve at least 25 per cent growth in dividend in the current year to September 30, 1985. The trust will continue to invest largely in equities but with increasing emphasis on companies with above average prospects for dividend growth. Recent changes in taxation and investor attitude have increased the attractions of growing income for private and institutional investors, they say.

As regards the capital position, the directors do not feel there is an easy answer to the problem for investment trusts of the discount of market price to asset value. However, they feel that shareholders should have the opportunity to review the future of the trust from time to time, and intend at the annual meeting in 1987, and every three years thereafter, to propose the voluntary winding up of the trust. The directors will also give consideration to putting forward at the same time alternative proposals for the future of the trust.

Gross income in 1983-84 rose from £3.94m to £5.52m. Interest payable was up to £1.53m (£230,000), tax took £1.29m (£1.01m) and the preference dividend £81,000.

At the year-end fixed assets, including investments, stood at £106.5m (£90.82m), current assets at £4.25m (£1.49m), creditors £18.27m (£6.98m), and net current liabilities £14m (£5.5m).

Towngrade surges to £0.3m

The expanded Towngrade Securities property and investment holding and dealing group, formerly First Talisman Investments, has pushed up its profit before tax from £106,080 to £296,213 in the year ended June 30 1984, and is raising its dividend from 0.6p to 1p net, with a final of 0.6p.

Net rental income has moved ahead from £150,000 to £370,652 and interest charges have shot up from £10,000 to £202,847, but this year includes £218,554 surplus on disposal of properties. The figures include Dabogold and the 1982-83 comparisons have been adjusted accordingly. Without Dabogold, the 1982-83 net rental income was £50,890 and pre-tax profit £56,901.

Mr Edward du Cann, MP, chairman, says in the coming year further property sales are expected, while other portfolios are being considered for acquisition. There are also a considerable number of rent reviews falling due and a substantial increase in rental income is expected. "In the current market conditions your directors are confident that your company will grow," he tells shareholders. The company is a member of the USM.

Earnings increased from 1.15p to 4.61p per share. Asset value is now some £2.5m and represents 47.3p per share.

The pre-tax profit for the year excludes £201,810 realised on the disposal of properties which had previously been included in the revaluation reserve. The surplus arising on disposal when compared to the original historical cost amounts to £420,364; if there had not been a revaluation that amount would have been included in the pre-tax profit which would then have amounted to £500,023.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Cass Group	int.	1.35‡	Nov 27	1.25	—	4.25
Aberdeen Trust		3.45	Dec 22	3	5.25	4.5
Allied Ldn Props		1.48	—	1.13*	1.7	1.33*
Avana Group	int	4.5	April 9	3.75	—	9.38
Manganese Bronze		2.5†	—	2.17	2.5	2.17
Plantations & Gen	int	2	Jan 11	1.5	—	4
Towngrade Secs		0.6‡	Dec 7	0.5	1.0	0.6
Viking Resources	int	0.5	Dec 14	0.4	—	1

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Total of 8p is forecast.

Legal Notices

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF BARBEY PRODUCTS LIMITED (In Creditors' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at the offices of Thorne, Lancaster & Co., 10 Charterhouse Square, EC1M 6DN in the City of London on Friday, the 14th day of December, 1984 at 12.30 p.m. to be followed at 12.45 p.m. by a GENERAL MEETING of the CREDITORS for the purposes of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 22nd day of October, 1984.

R. C. CHAVENTRE, Liquidator.

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that TRADITION SECURITIES LIMITED of Essex Hall, Stone House Court, 87-90 Houndsditch, London EC3A 7AS having ceased to hold a principal's licence issued pursuant to Section 3 of the Act, has made application to the Secretary of State for the withdrawal of the sum deposited in pursuance of Section 4 of the Act. Any representation to the Secretary of State by any person who has a claim or who is entitled to make a claim to or on the deposit should be made in writing within 6 weeks to the Department of Trade and Industry, Financial Services and Companies Division 1b, Room 659, Sanctuary Buildings, 20 Great Smith Street, London SW1P 3DB.

Art Galleries

FIELDBORNE GALLERIES, 63, Queens Grove, NW8. 01-586 3600. GEOFF OGDEN: 20 years of Paintings.

LEFEVRE GALLERY, 30, Bruton St. W1. 01-493 1572. PAINTINGS, WATERCOLOURS AND DRAWINGS BY NIGEL WALMOUTH, 4th October-3rd November. Mon.-Fri. 10-5. Sats. 10-12.30.

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Barratt directors' salaries cut

A NUMBER of Barratt Developments top directors, including Sir Lawrie Barratt, the chairman, have taken a salary cut following a sharp downturn in the group's profits over the 1983/84 year.

Their salaries are geared to the housebuilding company's performance and during the 12 months to end-June 1984 its profits before tax slumped by £14.7m to £35.6m after six years of growth.

The accounts for the year show that Sir Lawrie's remuneration as chairman and the second highest paid director earned between £105,001 and £110,000 whereas in 1982/83 four directors earned between £110,001 and £115,000. Two others earned between £115,001 and £125,000.

Turnover for the year hit a record £637.6m although this was a result of expansion of activity in the U.S.—in the UK turnover fell by £25m.

Sir Lawrie says in his statement that there is now doubt in his mind that the principal cause for the profits reversal was unjustified bad publicity which damaged confidence in the industry and in particular the company as market leader.

The result was, he says, that new houses legally completed in the UK fell from 16,500 to 13,700 which led to reduced profit margins and higher interest charges since the group had commenced the year with an overhead base geared to higher levels of production.

His statement points out that specific action has recently been taken to redress this situation and to make the group more cost effective. As an example it says in a number of locations subsidiaries in close proximity to each other have been merged.

Nonetheless, Sir Lawrie comments that the directors will continue the policy of adapting and improving the group's houses to meet the changing needs and aspirations of its customers.

In the U.S. Barratt Developments achieved further sound growth during 1983/84 and legal house completions increased by 400 to 1,500. Profitability there improved and the directors hope this will continue as new developments get underway.

Sir Lawrie tells shareholders that despite the recent increase in mortgage rates and the prevailing economic climate the group faces the future with many underlying strengths to preserve its position as market leader in the UK housing sector.

He adds that it will also continue controlled expansion in the U.S.

The group's land stocks are at a similar level to last year's. However, the release of land through the planning system continues to be inadequate to meet the needs of the industry, particularly in areas of high demand.

Sir Lawrie reveals that home ownership in the UK has reached 60 per cent while research shows that 80 per cent of people wish to own their own home. "Clearly action is needed by both central and local government to increase the release of land as a matter of urgency," he says.

The group has countered the problem of land shortage in certain areas by the acquisition of sites much larger than it would normally wish to hold and subsequently reducing these holdings by selling parts of the sites.

COMPANY NEWS IN BRIEF

Net asset value per share slipped from 117.9p to 116p in the six months to September 30 1984 at Viking Resources Trust, having stood at 115.4p at the corresponding period end.

The interim dividend is 0.5p net per share, up from 0.4p, following on from the 1p total last time. Earnings per share are given as 0.6p (0.44p).

Total income was £1.72m (£1.19m), producing revenue at £375,000 (£324,000) before tax, and £240,000 (£177,000) after.

* * *

The annual meeting of Mountleigh Group will be held on November 9 at Grosvenor House, Park Lane, W1 at noon. In yesterday's Financial Diary the meeting date was inadvertently given as October 31.

* * *

Causeway Capital says that applications have been received in excess of the minimum required to establish the Causeway Business Expansion Fund 1984/85. Applications will continue to be received if they are posted on or before October 31, 1984, after which the Fund will close.

* * *

In the first half of 1984 Boosey & Hawkes has suffered a greater setback than envisaged, and has run up a loss of £136,000, compared with a profit of £481,000. However, a profit is looked for in the second half. The interim dividend is omitted.

Explaining the loss, the directors of this music publishing and musical instrument manufacturing group say it was due to a labour stoppage at Edgeware (now resolved), higher interest costs, and the increased promotion and other costs involved in achieving sales in adverse market conditions affecting the music industry—this was notable in the stronger economies, particularly the U.S.

Turnover showed an increase from £17.3m to £18.9m, reflecting further growth in instrument sales — publishing revenues remained steady. If sales continue at the levels of the late summer then the second half will produce a profit.

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	140	—	6.3	4.5	8.2	10.7
158	117	Ass. Brit. Ind. CULS	142	—	10.0	7.0	—	—
78	54	Airsprung Group	66	—	6.4	11.6	6.0	7.3
40	21	Armitage & Rhodes	40	—	2.9	7.3	5.0	8.3
132	57	Bardon Hill	120	—	3.4	2.8	12.1	20.1
58	42	Bray Technologies	43	—	3.5	8.1	6.0	7.2
201	173	CCL Ordinary	174	—	12.0	6.9	—	—
152	117	CCL 11pc Conv. Pref.	118	—	15.7	13.3	—	—
725	100	Carborundum Abrasives	725	+5	5.7	0.8	—	—
249	92	Cindico Group	92	—	—	—	—	—
73	45	Deborah Services	72	—	6.5	9.0	6.9	11.1
240	75	Frank Horsell	238	—	—	—	9.6	12.8
206	75½	Frank Horsell Pr.Ord.87	205	—	9.6	4.7	8.2	10.6
69	25	Frederick Parker	26	—	4.3	16.5	—	—
41	32	George Blair	41	—	—	—	—	—
80	40	Ind. Precision Castings	40	—	2.7	6.8	2.8	6.5
218	200	Isis Group	200	—	18.0	7.9	11.0	11.8
124	61	Jackson Group	113	+1	4.9	4.3	7.8	14.4
270	213	James Burrough	270	—	13.7	5.1	9.6	10.2
93	83	James Burrough 9pc Pf.	93	—	12.9	13.9	—	—
147	100	Linguaphone Ord.	138	—	—	—	—	—
100	96	Linguaphone 10.5% Pf.	96	—	15.6	15.6	—	—
475	275	Minihouse Holding NV	472	—	3.8	0.8	34.0	37.1
176	33	Robert Jenkins	33	−1	5.0	15.2	—	—
74	39	Scruttons "A"	38	—	5.7	14.8	20.5	4.8
120	61	Torday & Carlisle	87	—	—	—	8.3	10.8
444	380	Travian Holdings	380	—	4.2	1.1	31.6	21.3
26	17	Unilock Holdings	20	—	1.3	6.5	9.7	14.8
92	65	Walter Alexander	83	—	7.5	9.1	8.2	9.8
278	230	W. S. Yeates	230	—	17.4	7.6	6.5	11.0

Prices and details of services now available on Prestel, page 48146

BIDS AND DEALS

Gulf Trust disposes of 20% stake in Yelverton

BY ALEXANDER NICOLL

Gulf Trust and Credit, a Panama-based group backed by Middle Eastern investors, has sold its entire holding in Yelverton Investments less than three weeks after assuming management control of the company.

Yelverton said yesterday that Gulf Trust's 20 per cent holding was sold to M Jean Pierre Jequier of Geneva, and an associate, and that Gulf Trust, its shareholders and subsidiaries no longer held any shares in Yelverton.

Share stakes in Yelverton have been changing hands rapidly for several months. Mr Jim Slater, the financier, was a small shareholder but is believed no longer to have any interest. Yelverton's best known investment is a minority holding in Southend Stadium.

After Gulf Trust had acquired its holding, Mr Simon Watson, chief executive of its London subsidiary, was appointed managing director of Yelverton in place of Count Jan Badeni, who remained a director. Mr Peter Greaves resigned as a director and company secretary, and the headquarters of Yelverton were moved to Gulf Trust's London office.

Mr Manjit Sahni, who had previously been an employee of Gulf Trust, was appointed Yelverton's company secretary.

Mr Watson yesterday flew to Switzerland to meet M Jequier, a director of a Geneva-based bank, Ferrier Lullin. Yelverton's board, now comprising Mr Watson, Count Badeni and Mr Geoffrey Hall, a stockbroker who is chairman, is due to meet in the next few days to discuss the latest development.

Mr Watson said he had been surprised by Gulf Trust's decision to sell the Yelverton holding, but that his plans to build up the company remained unchanged.

Yelverton's shares rose 5p to 31p yesterday.

New terms resolve Romai Tea dispute

A DISPUTE between stockbrokers Russell Wood and Romai Tea Holdings over a £1.7m bid by George Williamson, a private company controlled by Romai chairman Mr Richard Magor, has been resolved.

Following negotiations between George Williamson and Russell Wood, who represent a number of shareholders with about 57,000 Romai shares, it has now been agreed that the terms of the deal will be revised so that for each ordinary share in Romai shareholders will receive £11.25 in cash.

Russell Wood has indicated that the revised terms are acceptable and they are advising their clients to vote in favour of the revised scheme.

Under the original deal shareholders had been offered £7.50 per share by Williamson which is seeking to acquire the 49 per cent of the company which it does not own. But outside shareholders considered that the offer was too low.

The proposed deal, which required 75 per cent of the votes of shareholders, looked like failing at one stage, but is now likely to go through.

12p lopped off Batleys shares

Shares in Bateys of Yorkshire, the cash and carry wholesaler, fell 12p to 78p yesterday after chairman Mr Lawrence quashed takeover speculation surrounding the group.

He said that in view of the erratic movement of the share price he wished to make it clear that it is his firm intention that not only will control of the company not pass in his lifetime but that provisions are being made to ensure that his family will continue to retain control after his death.

Mr Bately and his family control 65 per cent of the share capital of Bateys.

McCorquodale expansion

McCorquodale announces that it has completed the acquisition from Reed International of the assets and trades previously carried on in Andover, Hampshire, by The Chapel River Press, Wardland, Andover Reproduction and Portway Graphics.

The total cash consideration for the acquisition of freehold property, manufacturing plant and machinery and operating working capital amounted to just under £1.4m.

In addition, McCorquodale will incur redundancy costs of some £0.6m, having negotiated acceptable terms with all the unions involved prior to completion of the acquisition.

McCorquodale has also agreed to purchase certain additional plant and machinery from Reed for an additional cash consideration of £0.73m for use elsewhere within the McCorquodale Group.

This acquisition represents a further strategic step, following the purchase of McCorquodale Varnicoat in May 1984, in building a strong and effective publication and magazine printing business to complement book and existing publication printing activities.

Martin-Black may hand over proceeds

Martin-Black, which disposed of its wire rope business this year, is still looking for alternative investments for the proceeds. Its only remaining active business is Ryeside, a constructional engineer.

Sir Ian Morrow, the chairman, said in a letter to shareholders that if the board was unable to come up with suitable investment proposals within the next six months, it would prepare to return the cash to shareholders. Meanwhile, the company will continue to pay no dividends as these would attract irrecoverable advance corporation tax.

Net assets per share at September 28 1984 were estimated at 48.1p, and shareholders' funds at 48.4p including cash balances of £3.1m or 47.2p per share. Martin-Black's shares were suspended in May at 22p.

Rockware in $20m Malaysian venture

Rockware International, the glass container manufacturer, has signed a joint venture agreement with the Sarawak State Economic Development Corporation, SEDC, to establish a 46.2m ringgit ($19.5m) plant to manufacture glass containers and tableware in Malaysia.

The joint venture company, Sarawak Perusahaan Glass Pty, is held between the SEDC with 51 per cent, Rockware International with 25 per cent and other private Malaysian companies.

The plant should begin operating in early 1987 with a production capacity initially of 10,000 tons of glass containers and 4,000 tons of tableware.

* * *

Unilever has now acquired or received acceptances for a total of 270,480,562 Brooke Bond shares (86.8 per cent). The increased offer will remain open for acceptance until further notice.

Barker and Dobson grows

Barker and Dobson Group has completed the acquisition of Viceroy Confectionery Sales for £500,000.

Viceroy, a private company based in West Bromwich is engaged in the importing, wholesaling and distribution of confectionery products.

The consideration comprises 2.35m new ordinary shares of 1p each in Barker to a value of £200,000, cash of £200,000 and £100,000 nominal of loan notes. The loan notes are secured by a charge over the shares of Viceroy.

At May 31 1984 the date to which the most recent audited accounts of Viceroy have been made up, the net tangible assets attributable to the shareholders were £447,000. In the year to that date, Viceroy reported profits before tax of £100,000.

The Barker board is confident that the acquisition of Viceroy will strengthen its confectionery division and continue the progress already made in widening its range of products and reducing dependence on the more traditional areas of sugar confectionery.

BIDS AND DEALS IN BRIEF

Vendex International, the major Netherlands retailer, has increased its stake in Empire Stores (Bradford), the mail order company, to 14.28 per cent. Vendex increased its stake to its present levels by acquiring 300,000 shares.

Vendex originally acquired a core holding of 13.5 per cent in Empire when Great Universal Stores was forced by the Department of Trade and Industry to reduce its share stake in Empire following an adverse ruling by the Monopolies and Mergers Commission. GUS sold a 13.5 per cent stake in Vendex.

* * *

Channel Hotels and Properties has increased its stake in Leisuretime International, the hotel and holiday group, to 14.99 per cent. It now holds 1.34m shares. Earlier this month Channel Hotels revealed that it held a 10.28 per cent stake in Leisuretime.

* * *

Island Stream has sold 132,500 ordinary shares in Caffyns, reducing its holding from 207,500 to 75,000. This is below 5 per cent of total ordinary capital.

Lewinda Enterprises has purchased 155,000 Caffyns ordinary Mrs A. Mountford, company secretary of Lewinda Enterprises, has purchased 50,000 ordinary. The total of these two holdings amounts to 6.3 per cent of ordinary share capital.

* * *

Mr Ron Brierley's IEP Securities has increased its holding in Tozer Kemsley and Millbourn, the international trading group, to 24.8 per cent from the 15.84 per cent level announced in June.

Mr Brierley, a New Zealander, has previously bought holdings in a number of other companies, especially in Australia where IEP is based.

IEP holds 13.3m shares in Tozer which is planning a capital restructure which will reschedule the group's debts.

On the London stock market shares of Tozer were unchanged at 26p valuing IEP's stake at £3.5m.

* * *

Unwin Investments has purchased 630,000 Bremner ordinary which together with earlier purchases of 203,500 ordinary totals 15.1 per cent.

* * *

Yattendon Investment Trust, a company controlled by the trustees of Lord Iliffe's Settlements, has acquired 138,500 non-voting A ordinary stock units in BPM Holdings at a price of 103¾p, increasing its holding to 4.51m (36.58 per cent of class).

* * *

As a result of an acquisition of 25,000 ordinary stock units of Mitchell Somers, funds managed or advised by M & G Investment Management now hold 2.41m ordinary stock units of the company (15.35 per cent).

103 companies wound up

COMPULSORY winding up orders against 103 companies have been made by Mr Justice Harman in the High Court. They were:

Cheam Construction Company, Sedgemoor Properties, Ongley Associates, R. L. Knight. NBC Holdings.

Command Products, Falgar Insulation Company, Collyer Daish Associates, Tallisville Three, Wembley Motor Company, Active Video.

Dreamglen, D. Walter & Co., Marvillin, Metalimport and Continental Finances, Generosa (Food, Wines & Spirits).

BM Realisations, TTS Engineering Company, Battys Floating Plant & Marine Services, Orsett Garage, Metrobadge, Stateglobe.

South Park Finance, Anglo-Dutch Securities, Building Projects GHC, Harlow Steel Company, Mansel Cab & Auto Supply Company.

Twillford, Autospeed Circuits, GDS Freight Services, A. C. Jones & Son (Cubbington), PAR Freight Services, Real Estate (Management), Registyle.

The Lynn Group of Companies, Bawcozen, Cutasil, Haverford Securities, Capital Couriers, Homesound (South West).

SWA Public Relations, M. Ward, Dykeward, Adville Engineering, Original Records, Baron's Court Potteries.

J. J. Hobbs & Sons, Adenstar Imports & Exports, Minuet Toiletries, DJ Plastic Products, Guideway Publishing, Eleuthera, SC (Nottingham).

Earlcrest Finance Company, Paceblue, Haltstop, Window Master, Bracey Pate Engineering Company, Contract Design Centre (Winchester), Faireagle.

Redpride, Watson & Medley (Wools), Glacier Double Glazing Company (Dartford), John Wragg & Son (Plant Maintenance), GA Security Systems, A. C. De M. Corps & Co.

D. Peters (Liverpool), Statestyle, Dracorum Press, Lee Sheppard Designs, K & B Pet Supplies, Caraved, Bene Factum Press.

Coral Fashions, Scuba TV, Llanfairpwllgwyngyll Tourist Centre, Cherrybrent, Coachcrest, Meadowcroft Manufacturing Company, Clark's Holiday Camp.

Regent Furnishings, Earthbrook, Purima Motors, Telephone Broadcasting Systems, TD Enterprises, Cracknell & Keating, Ace Vending.

Chase Films, Allwhere Productions, PNR Controls, Kitchen Elite, The Outside Inn, Walsh Construction (London), Troy (UK).

Countrywide Material Handling, Concise Shearing, Ernest Hawes, Multistitch.

Assetunit, Show-Off Display, Muskarm, Connies Construction, Cheamland.

MINING NEWS

Noranda in loss at nine months

A LOSS of C$49.1m (£30.5m) in the third quarter at Noranda has wiped out the Canadian natural resource major's earnings for the first half of the year. It is now left with a net loss of C$900,000, or 22 cents per share, for the first nine months of 1984 compared with a loss of C$5.4m a year ago.

John Soganich reports from Toronto that the mining, fabricating and forest products group suffered a continued slide in prices for most of its products. Furthermore, the hoped-for revival following the traditional summer lull has yet to appear.

It is noted that in U.S. dollar terms, prices for a number of products are between 20 per cent and 48 per cent below the levels reached in the first quarter. The directors say that these declines appear closely associated with the strength of the U.S. dollar which has risen some 25 per cent against European currencies this year.

Noranda says that in most cases, prices in North American currencies are now at or below the 1982 average and some are approaching the lows reached in that year.

The "most drastic impact" of the situation was on metals and minerals, results where significantly lower prices, reduced production and stock writedowns resulted in the first operating loss since the third quarter of 1982.

Manufacturing earnings were hit by the continued slide in aluminium prices to a level below the cost of production. On the other hand there was some improvement in results for forest products, despite depressed prices for solid wood products, following the residual effects of the British Columbia labour dispute in the second quarter.

For the current quarter, operating results should be "significantly better" assuming there will be no further inventory write-downs. Better production levels and some improvements in certain prices are also predicted but Noranda adds "even so, it is now clear that results for the year as a whole will be a major disappointment."

Falconbridge turnround continues despite setback

THE RECOVERY continues at Canada's nickel-producing Falconbridge although earnings have fallen in the third quarter. At C$3.4m (£2.1m) they follow C$8.35m in the second quarter but bring the total for the first nine months of the year to C$19.66m compared with a loss of C$41.94m in the same period of 1983.

In the latest quarter there was an extraordinary gain of C$25.34m from the sale to Mobil of the remainder of the company's shares in Superior Oil. This together with tax credits lifts the third quarter net earnings to C$31.76m, or C$4.40 per share.

Taking in other extraordinary items for the first two quarters, net earnings for the first nine months of 1984 come out at C$71.16m, or C$9.89 per share, compared with a net loss of C$27.13m in the same period of last year.

The C$119m proceeds of the sales of Superior shares during the third quarter were used to reduce the company's variable bank debt by US$65.4m, making a reduction of US$182.4m over the nine months.

Mr William James, chairman of Falconbridge, said that the principal reasons for this year's improvement in results before extraordinary items were reduced costs, better prices for nickel and increased sales of base and precious metals.

Canadian earnings ahead for RTZ with $52m so far

THE Rio Tinto-Zinc group's 52.8 per cent beneficially-owned Canadian arm, Rio Algom, is still keeping ahead this year. Third quarter earnings of C$15.09m (£9.4m), albeit below those of the second quarter, bring the nine months' total to C$52.27m, or C$1.17 per share, against C$35.19m a year ago.

The increase in this year's earnings has reflected improvements at all Rio Algom's operations apart from the 68.1 per cent-owned Lornex which has made a net loss as a result of lower prices for copper and silver.

Otherwise, uranium income has moved ahead thanks to the start-up of the Stanleigh mine and a more favourable sales mix. Increased sales revenue and improved profit margins have produced a turnround to profits at Atlas Steels while this year's earnings include those of the U.S. company Vincent Metals which was acquired in April.

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Perm't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J. Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	‖11½%	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %	■ Members of the Accepting Houses Committee.	
Exeter Trust Ltd.	11 %	* 7-day deposits 7.25%, 1 month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.	
First Nat. Fin. Corp.	13 %	† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8¼%.	
First Nat. Secs. Ltd.	12 %	‖ Call deposits £1,000 and over 7¼%.	
■ Robert Fleming & Co.	10½%	§ 21-day deposits over £1,000 8¼%.	
Robert Fraser	11 %	‖ Demand deposits 7¼%.	
Grindlays Bank	†10½%	¶ Mortgage base rate.	
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

UK COMPANY NEWS

Allied London at record £2.8m

ALONG WITH the announcement of a record year's trading the directors of **Allied London Properties** say they are confident that the achievements attained should continue during 1984/85.

Pre-tax profits for the year ended June 30 increased by £403,327, or 16.5 per cent, to £2.84m and a final dividend of 1.48p effectively raises the net total from 1.33p to 1.7p per 10p share.

At year-end the group's property portfolio was professionally valued at £71.1m (£62.2m). Net value per share showed an increase over the year of 14p at 152p.

The portfolio comprises 52.5 per cent offices, 41 per cent warehouse/industrial and 6.5 per cent retail. New lettings during the year and rent reviews improved rental income by 19.5 per cent.

The directors say that with the group's properties situated in the South-East, many strategically placed near the M25, they are confident that similar achievements should continue during the current year.

Central House, Hounslow, a development of 85,000 sq ft air-conditioned offices, has been completed. Lettings of 25 per cent of the space have been completed, and negotiations in regard to the remainder are now in hand.

Buckingham House, Gerrards Cross, a development of offices, shops and flats, was completed and let during the year. Another site nearby for offices has been acquired, and the building is partly let.

The group's development of a neighbourhood shopping centre at Maidenhead has been completed. The supermarket is leased to Budgens and the remaining shops are all let.

Allied London is continuing with developments at Dartford Trade Park. The phase recently constructed has been let, together with a substantial extension for Delta Metals. Another phase of some 30,000 sq ft is now being built and lettings for part of this have been negotiated.

The first phase of the Cheltenham Trade Park has commenced and will be available for letting shortly.

Since the end of the war the group has completed the refurbishment of a luxury office property at 3 Manchester Square, London, the letting of which has been completed on "satisfactory" terms.

Sterling Homes, the house-building subsidiary, had a buoyant year concentrating on traditionally built quality houses in the south east.

Tax for 1983/84 took £446,000 (£365,000) to leave available profits at £2.39m, compared with £2.07m. Dividends will absorb £648,000 (£531,000).

Earnings per share were given as 7.14p (6.15p adjusted). Fully diluted they amounted to 6.41p (5.1p adjusted).

● comment

Though Allied London is still a hard share to assess—the management, certainly, wins no prizes for loquacity—the trend towards greater disclosure is to be welcimed. No guidance is given on the respective importance in these figures of rent reviews and new lettings, but it looks a if the bulk of project completions came towards the year end, leaving rental on existing properties the main contributor to growth. This year, though, a number of sizeable projects are coming on stream, and there is besides the attraction of the group's unique exposure to the presumed benefits of the M25 motorway completion round London. Profits this year should reach some £3¼m. This is largely reflected in the share price, which at 98p (up 2p) is at a discount to fully diluted net asset value (at around 127p) of some 22 per cent—in line with the sector average. The shares have enjoyed a good run lately, and probably have little speculative appeal in the short term. But as a well-managed regional specialist, the company looks solid value in the long run.

J. Howard placing to boost its City image

John Howard and Company, an old established name in the British civil engineering and construction industry, is taking its first step towards a higher City profile with the placing of just under half of its share capital with sixteen institutions.

A total of 5.15m ordinary 25p shares in John Howard, representing 49.4 per cent of the equity, has been placed at 71p a share through Granville & Co, a founding member of the over-the-counter share market in this country. Granville will be making a market in the shares at the end of November.

The shares being placed come from Fairclough Construction, part of the quoted Amec group which was formed at the end of 1982 by the merger of Fairclough and William Press Group.

Fairclough became a substantial shareholder in John Howard during 1980 and 1981. At that time Fairclough wanted a greater exposure to the international construction and marine contracting markets while John Howard needed fresh equity capital following some years of losses.

Following the merger with Press, which already had extensive offshore and international construction interests, it was thought that a major stake in Hoard was inconsistent with the long term aims of the merged group.

John Howard, which was founded by Sir John Howard in 1927, has developed a broad range of civil engineering and construction activities but it is its specialist marine engineering work, covering ports, harbours, jetties, quays and bridges, for which it is best known.

In 1973 the company formed a joint venture with C. G. Doris, a French offshore engineering company, which led to the formation of Howard Doris in Scotland in 1974, in which John Howard has a 25 per cent interest.

The company's five year track record, including its share of Howard Doris, shows losses in 1979 of £3.1m reducing to a £2.98m loss in '80. The following year there was a small profit and by 1983 the company had recovered sufficiently to report just under £1.8m pre-tax.

In the six months to June 30, 1984 profits amounted to £525,000. The directors are forecasting not less than £1.475m for the year including £625,000 from Howard Doris. A 1.5p dividend is forecast for the current year but the directors would expect to pay 3.5p in subsequent years from that level of profitability.

On the 71p placing price the fully taxed p/e is 7.7 and the yield 7 per cent.

Floyd Oil swings back to profit

Floyd Oil Participations swung back into the black over the year to end-June 1984 partly as a result of an increase in interest from the 1983 rights issued proceeds and exchange gains on cash balances.

At the pre-tax level profits reached £220,533, compared with restated losses of £78,538. Turnover totalled £558,811 (£370,056).

Mr J. E. K. Floyd, the chairman, says the group made substantial progress over the 12 months, pointing out that it acquired production in the North Sea of proven quality to help with the extremely active drilling programme over acreage where it has already met with success.

The group, a USM company, is also continuing to enjoy a rising cash flow from North America.

Operating costs for 1983-84 accounted for £79,774 (£48,864) and depletion £315,437 (£185,137). Administration expenses took £242,292 (£328,424) and amortisation of exploration expenses rose from £99,850 to £148,367.

Other income, however, improved from £213,681 to £451,480. Interest charges amounted to £3,888 (nil).

Retained profits emerged at £300,662 (£75,725 losses) after tax of £80,129, against a previous £2,813.

The 1982-83 results were restated to comply with SSAP 20.

Mr Floyd says the group took a major step forward in establishing itself as an independent oil and gas production company through the acquisition last July of a 0.5 per cent working interest in the Claymore Field in the North Sea where its share is currently 475 barrels of oil a day.

The value of the group's share of production of Claymore in the first year is expected to be in the region of £4m. The directors say this will make a significant contribution towards funding the East Midlands exploration programme during 1985 and thereafter will provide a reliable income for many years to come with which to finance part of Floyd's exploration activities.

They add that furthermore, following changes introduced by the 1984 Finance Act, the group is now able to offset exploration expenditure against income from producing fields for tax purposes.

The group's principal asset remains its 25 per cent interest in the 12 production licences in the East Midlands.

Shareholders are told that financial commitments onshore in the UK, coupled with the decline in the value of sterling, have not assisted Floyd's efforts to expand its U.S. activities, but that production has continued to generate cash at an increasing rate.

The directors recognise that "excellent opportunities" for investment in North America still exist and continue to keep these under review.

Floyd has now sold its 1.75 per cent interest in EP114 onshore in Western Australia and has redeployed the funds in a 1 per cent carried interest in Block B offshore Java where it will be carried through all expenditure until the establishment of production.

LDH confident of keeping up its progress

On turnover up from £3.28m to £4.94m **LDH Group** returned pre-tax profits of £122,651 for the year to end-May 1984, compared with £96,351.

The group, which distributes furnishings and upholstery fabrics, drapery and hardware, increased its operating profit by 28 per cent, from £96,000 to £123,000. This, says Mr M. S. Ross, chairman, reflects the strength and excellent performance of the main subsidiary, S. Ross and Co, which increased its sales by 34 per cent and profits by more than 60 per cent, despite continued pressure on margins.

Ross continues to increase its market share, the chairman says, and is looking at merchandise to cater for allied industries. It continues to operate at a very satisfactory profit level, he adds.

The chairman believes, however, that the group will continue to make progress and trade profitably.

Having carried out the capital reconstruction proposed earlier in the year, the company looks forward to returning to the dividend list at the earliest opportunity.

Net earnings per 15p share were shown down at 1.13p compared with 1.25p.

In his interim statement Mr Ross expected the same level of profits, £90,929, for the second half. The failure to reach this figure has been due to the poor performance of G.M.B. Total Communications, involved with electronic communications supply and maintenance.

The purchase of this company has been a major disappointment, the chairman states, and in July a decision was made to discontinue its activities. Closure costs are reflected in the accounts.

Photax profit at halfway

ALTHOUGH THERE was a turnround from losses of £79,000 to pre-tax profits of £40,000 for the first six months of 1984, Mrs E. Jacobs, chairman of **Photax (London)** says that in all probability the year as a whole will not produce any material change in the pattern of trading or profitability.

For the 1983 12 months this manufacturer and importer of photographic equipment incurred losses of £22,000.

In the slightly longer term the chairman says there are more hopeful signs, as part of the continuing process of building up the range of the Eastbourne factory-made products company introduced a number of new items over recent months.

This company is bringing out two sizes of film developing tank, which is anticipated to considerably improve its sales of dark-room equipment, both at home and overseas.

Sales for the six months amounted to £3.18m, compared with £2.95m, and the tax charge was £13,500, against a credit of £17,500. Loss per share was 0.05p (4.45p) after preference dividends.

Higher costs hit Websters but better full year seen

ALTHOUGH the **Websters Group** plunged into the red in the first six months of 1984, Sir Peter Lane, the chairman, says the figures do not bear direct comparison with the first half of 1983.

The first-half figures show pre-tax losses of £181,000 compared with profits of £405,000, and year-end profits of £2m. Turnover of this printer, publisher, wholesale book and home computer software distributor improved from £20.3m to £25.23m, and operating profits were £71,000 against £558,000. Interest payable was £252,000 compared with £153,000. The interim dividend is 0.9p (same on a smaller capital)—last year's total was 3.1p.

Commenting on the first-half results, Sir Peter says that earlier in the year he pointed out that as the group grew, its dependence on trading in the second half increased. With the greater spread of group activities, turnover during the period showed a substantial increase.

However, for the first time, the half-year carried the full costs of a major new activity, Websters Software, whose profits will fall wholly in the second six months.

Commenting on prospects for the rest of the year, Sir Peter says the outcome for the second half will, as always, depend upon the level of trading during the period leading up to Christmas.

The group is better placed than ever before to benefit from a buoyant Christmas, and on current evidence he is confident about prospects.

Estimated tax relief for the first half is £84,000 (£162,000 charge). The stated loss was 0.74p against earnings of 1.95p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisoins shown below are based mainly on last year's timetable.

TODAY

Interims: Aitken Hume International, Clement Clarke, Electrocomponents, Globe Investment Trust, Henderson Group, Reed International, United Ceramic Distributors.

Finals: Amber Day, British Car Auction, Fairview Estates, J. Hepworth, Reardon Smith Line.

FUTURE DATES

Interims—	
Airflow Steamlines	Nov 1
Allied Irish Banks	Nov 14
Associated British Foods	Nov 6
Bradford Property Trust	Nov 6
Caffyns	Dec 17
H.A.T.	Nov 20
Immediate Business Systems	Nov 1
Land Securities	Nov 13
Latham (James)	Dec 12
O.K. Bazaars (1929)	Oct 31
Redland	Nov 29
Regalian Properties	Nov 12
Tern	Oct 31
Finals—	
Gomme	Nov 6
Goodman Brothers	Oct 31
Jessups	Nov 7
Microfilm Reprographics	Nov 6
North Atlantic Securities	Nov 8
Smart (J.) (Contractors)	Nov 1

TECHNOLOGY

EDITED BY ALAN CANE

SCOTTISH PAPER MAKER AUTOMATES FOR SUCCESS

On paper Thomas Tait has got it just right

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THOMAS TAIT seems to have his technology right. The rolling programme of production improvements to his plant at Inverurie north-west of Aberdeen, has enabled this 20th ranked UK paper producer to keep up with and, perhaps, even be in advance of the very big companies.

Much of the rest of the paper industry has been contracting. The casualty rate among small companies like Thomas Tait is high. Of 147 mills 10 years ago, only 102 are still in operation in the UK.

But the right mix of innovation, a company structure allowing profits to be ploughed back into technology and the right niche in the paper market make the company's backers confident of galloping profits from about £1m at present to around £10m by the end of the decade.

"It's nice working for a paper company which is going like that," says John Kirby, the Lancastian general manager, thrusting his arm in a trajectory to pass through the flourescent ceiling light fitting.

Until 1984, Thomas Tait presided over the family business in a very rural setting near the river Don. He took over the company at the age of 21 following the death of his father in a car crash. But the latest Tait, now 36, this year surrendered the family equity hold on the business in order to bring in big financial institutions led by 3i corporate finance in Glasgow for his biggest expansion ever, a £22m project to instal and house a huge high speed wide paper machine to triple capacity.

The company still appears to be very much a family affair. Tait who seems on first name terms with most of his 300 employees, has an unquenchable thirst for soft drinks. He operates from a small, cluttered and unassuming office he shares with his wife Shiela, who acts as his assistant, and accountant John Martin.

Over an initial bottle of Lucozade Tait reviewed his £8m in previous investments, all designed to meet the trends in the paper business with mounting pulp prices, demands for lower gramme paper (getting more paper surface per £), and to counter rising energy costs.

The Scottish company produces wood-free paper or paper made from wood fibres which are broken down by chemicals. Its market is the printings and writings sector covering areas like copy machine paper, writing paper and envelopes. The estimated 40 per cent import penetration also works in his favour.

The innovation came with Tait's decision to combine the controls for both moisture and substance regulation into the one computer system along the controls over the machine, using the AcuRay computer. It was thought to be the first time these operations were combined into one software program.

This has left the paper machines able to work more efficiently. Losses through paper breakages have dropped by 1.5 per cent from 11.5 per cent of production.

Most significant, the grammes per metre—the weight of the paper—has dropped as the market has dictated. The substance measurement of Tait's envelopes, for example, dropped from around 105 to 85 grammes.

To counter pulp costs, which for Tait have risen devastatingly from £256 a tonne to £400 this year (much of it through unfavourable currency movements), improved production controls have been introduced. These have allowed the ash, or mineral, content to rise from 5 per cent ten years ago to 25 per cent today. This allows cheaper commodities like chalk or China clay to partly replace pulp fibre.

The other technological thrust has been an energy control package computerising the various load factors and supply sources. This combination of Hewlett Packard computer with software from Valtos Technical Systems has accounted for savings of up to £18,000 a month, says Tait.

The company has its own electricity generation through a steam turbine fed by an adjacent to the steam boiler. It burns gas and has a standby tank of propane. The company

Wiggins Teape pulp mill at Fort William, now closed; Tait could reverse the trend

can also call on electricity board supplies. An old coal-fired boiler is being restored with a new turbine. There is even a small water-driven turbine presently under repair which can create about 0.5 megawatt taking water from the neighbouring canal. The plant needs about five when it is underway and will need between 10 and 11 MW with its giant machine.

The computer arranges the optimum energy taking into account availability, costs and demand from the plant. Mains power, for example, is automatically brought in when the machines are being overhauled, or demand for steam is low and the steam turbine consequently not operating at full output.

The market trend for low gramme paper led to Tait's decision to instal a wide, high speed Voith West German machine.

Tait bought in U.S. paper technology starting with computerised controls of the paper production in 1976 through an Accuracy computer which was updated with a mini computer version two years later.

Then last year came the installation of an Impact moisture control, a device which lies across the entire width of the paper machine. Guided by sensors, it locates areas with too high a moisture content and applies infra-red light to that area.

A 10 per cent productivity improvement resulted largely in the saving on steam which previously was applied uniformly across the width of the paper, drying the wet areas but also drying other areas unnecessarily.

A Devron thermal-hydraulic substance control put in this year also straddles the high-speed paper run in effect skimming off overly thick areas with its adjustable slice.

"To meet demand for lower gramme paper, we had to increase speed. There is less weight of paper per yard so more of it had to be produced. This is where most paper producers have run into trouble as they are unable to increase their speeds to the optimum level and so lose productivity," Tait says.

Many machines produce paper between 100 and 350 grammes per metre. Thomas Tait's new machine, combined with existing equipment, will enable him to span a range from 45 to 320 grammes.

Moving on to a large bottle of orange squash, Tait outlined the technical options ahead which seem to point to Scotland's first pulp mill since Wiggins Teape closed its Fort William mill in 1980.

His plant presently uses all chemically produced pulp at about $540 per tonne. Newsprint and lower quality paper is produced from much cheaper mechanical pulp with wood fibres broken down largely through griding more than by chemicals.

Tait hopes to look at expanding a half-way process called chemical thermal mechanical pulp—combining methods from both processes—and drawing on Scottish timber resources. This would be the kind of fillip on which promoters of Scottish forest products have set their sights.

Cable television delays damage hopes of success

THE GOVERNMENT is under attack for delays with legislation and policy decisions over cable television. Some suggest that the delays may cause serious damage to the future of cable television. The story is very familiar to British media watchers—but the government in question is not Mrs Thatcher's but President Mitterrand's.

Cable television and related information technologies have become passionate issues in France—with the kind of Gallic dedication usually reserved or cheese and wine. Grand schemes, such as the free provision of viewdata terminals for telephone subscribers to replace telephone directories—and information technology into the home—have been on the agenda in France for some years, and Biarritz even has an experimental fibre optic cable television system. But for all the commitment of the French government (a FF 50bn programme over 20 years), bureaucratic delays make it still less tangible than Britain's ailing cable industry.

Cable television was one of the dominant themes to emerge at this year's VIDCOM in Cannes—the annual event that owes its origins to video, not television. With a mixture of hardware, software, conferencing and buying and selling, VIDCOM has become the autumnal watering place for the world's video industry. But this year the signals begin to show how video is increasingly a catalyst, with the film industry, music business, satellite TV and all other permutations of television merely finding VIDCOM the one international event where everyone has something in common.

The hardware at VIDCOM this year exemplified how the video industry is maturing: there was little to surprise the business. From Philips, a very neat VHS videocassette machine (the Japanese format, once anathema to all European manufacturers). From Pioneer, their new laser video disc player which takes not only 12 inch and 8 inch video discs, but also CD audio discs; Pioneer also claim that a laser video disc player will become available using digital rather than analogue sound—in which case, who wants CD any longer?

As an event, however, VIDCOM is reflecting the changes of the video industry, as both try to discover their new priorities. Programming is now the big issue, with music on video offering the promise of volume sales as consumers become sadiated with feature films. Distributors are still salivating over the statistics of *Making Michael Jackson's "Thriller,"* now second in the all-time favourite charts of North America with 550,000 unit sales.

Some companies in the music video business believe the arrival of the 8 inch video disc could provide a breakthrough in this market—almost the video equivalent of the audio single. Polygram Music Video, who

Video & Film

BY JOHN CHITTOCK

launched in Cannes an ambitious Barry Gibb video music album—title *Now Voyager* and unexpectedly starring Sir Michael Hordern—see the 8 inch disc as a perfect medium for so-called pop promos, the short four minute videos issued by record companies and now widely used on television.

The interest in music video is not confined to pop. The British distributors Arts International had on show at VIDCOM some of the major opera and ballet productions which have recently been the subject of a video disc deal with Philips. And Pony video, a major Japanese software company, demonstrated the remarkable Westernisation of their home video customers by listing in their Japanese catalogue Mantovani and Vivaldi along with Tom Jones and Lionel Hampton.

One participating organisation at Cannes this year which views these developments in music with caution is the IFPI (the International Federation of Phonogram Industries). They see the flood gates opening and washing away copyright protection, especially with satellite television crossing national boundaries which once defined the limit of copyright deals. At VIDCOM Thorn EMI's Music Box channel was exemplifying the point by claiming that—through satellite distribution to European cable networks—they expect to reach 3m subscribers by May of next year.

Legislation over copyright, and the protection of national broadcasting from foreign satellite transmissions, were other issues never far away at VIDCOM. Various governments, as well as the EEC, are examining the problem—Britain is expected to publish soon a Green Paper dealing with the blank tape levy controversy; Spain and Portugal are about to join the ranks of the countries which now operate blank tape levies.

For those whose visit to VIDCOM did not mean sitting in hotel rooms buying and selling programmes, the matter of government involvement in this complex business must have seemed the most striking issue—especially for British observers. The French, through their PTT and a variety of other organisations, are nursing the video, cable and information technology industries with almost a fierce sense of national pride—unlike the British free market economy style.

An example of this is the OCTET Agency, created by the French Ministry of Culture to provide information, co-ordination, programme development and other assistance across all areas of the new media technologies. The agency draws upon the expertise of three existing bodies, one of which already serves the specific needs of audio-visual communication.

Such support contrasts sharply with the tough commercial attitudes of the British, which have contributed to the loss of faith in cable TV displayed two weeks ago by Visionhire's withdrawal and Rediffusion's sale to Robert Maxwell. What is needed for cable is the same kind of help that the government gave to videotex. This had a huge push in Britain, aided by fiscal incentives, without which the UK would not have the world lead it now enjoys in videotex.

It would be wrong to draw parallels with the British lead in video penetration of TV homes, which happened without government help whilst the French at first actively and successfully discouraged video. Ironically, that scenario could be the very one which spells problems for Cable TV in Britain and advantages for the French. Who wants cable TV when a VCR can offer television on tap?

In selling imported technology instead of creating it, we merely confirm that Napoleon was right. Maybe we are a nation of shopkeepers.

Computing

Hidden costs of buying software

IBM mainframe computer users in the UK should not expect to save money by installing a software package rather than developing an application in-house.

This conclusion, which flies in the face of most received wisdom about the costs of packages versus custom written software, comes from a new survey "Application Packages: acquisition and useage," published by the consultantcy Xephon.

Based on a questionaire answered by 62 data processing managers on IBM mainframe sites, the survey clearly shows that most users have a low opinion on applications packages.

They said: "Except for basic applications such as ledgers and payroll, packages come nowhere near meeting the full range of our requirements.

"It is very difficult to interface packages to applications that have been developed in-house. Packages are better suited to 'green fields' sites than long-established ones.

"Most packages have shocking performances.

"Packages are not well maintained and updated to make use of new IBM facilities."

Packages are generalised pieces of software written for specific applications such as payroll, accounting, insurance or personnel.

The idea is that the user company modifies its practices to fit the package rather than the other way about. It reckons to save the very substantial development costs of building its own application from scratch.

The Xephon survey suggests these hopes are ill-founded. It says: "The principal saving you will make is in elapsed time to completion."

In other words, you will instal it quicker, but it will not do all you want it to.

The survey costs £29. Xephon is on 0635 33823.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Tom Walsh (left) and Terry Beardow: confident of competing anywhere in the world.

Facing heavy competition head-on

Tim Dickson on a fledgling vacuum specialist

"I REMEMBER our first day here," says Terry Beardow with a grin. "We didn't have a phone in the place so our secretary had to run down to the end of the road and use the public box instead."

BVT, a Manchester-based high technology business which designs and manufactures customised vacuum coating systems, has come a long way since Beardow and fellow engineer Tom Walsh started the company in September last year.

But while British Telecom has since put a stop to the secretary's unseemly dash to the end of the street, the trials and then frustrations of the past 13 months illustrate the deep-rooted problem which any new company faces in establishing its credibility in the market place.

This is not to deny BVT's achievements so far. Financed with £1m of venture capital from a variety of City of London sources, the company has now received total orders worth more than £2.5m, has successfully delivered one of its machines to a Californian company, and has built up a workforce of 20 people which is expected at least to double as work on new contracts begins in the next few months.

It is, however, too early to judge BVT's financial results or to tell whether a relatively tiny new venture can succeed against international competitors which are large by any standards. For BVT is bidding for contracts worth anything from £½m to £1m and dealing with customers who need convincing evidence that a small North of England business can deliver reliably and on time.

Says Beardow: "The little guy from Manchester walking round the United States with his suitcase just doesn't stand a chance. Our competitors, who are Japanese and German, are big companies which can afford to field a vast team of people at their presentations and this show of strength obviously goes down well when you are talking big numbers. It doesn't matter if you offer the best specification for the job and the best price—if you're a new company it counts against you."

Beardow and Walsh picked up much of their experience of vacuum coating systems when they were group engineering manager and general manager (vacuum sales) respectively of the Manchester-based, publicly-quoted company General Engineering (Radcliffe). But while Radcliffe is one of the world leaders in vacuum metallising for the packaging industry—depositing a thin film of metal coating onto paper, glass or plastic, such as in the shiny silver paper which comes out of cigarette packets—BVT has been attempting to harness advanced technology and increase the applications for these techniques.

BVT's machines, for example, are fitted with advanced electron beams (which can melt materials like cobalt and nickel and be used to achieve terrific magnetic density on, say, video tapes) as well as having sputtering units which can successfully deposit materials (such as metal oxides) without melting them.

BVT's application of this technology is not unique—but the only worldwide competitors are Leybold-Heraeus of West Germany, the world's largest vacuum company, and Ulvac of Japan.

Life would probably be much easier for Beardow and his colleagues had he succeeded in his original ambition of leading a management buy-out of Radcliffe's vacuum products division. Radcliffe was, in fact, run for almost three years by accountants, Peat Marwick Mitchell after going into receivership in June 1979. But just as the business plan for the proposed buy-out was being prepared at the beginning of 1983, up popped a company called CIS with a successful bid for the entire group.

Beardow left Radcliffe in February 1982 and set about finding the backing for a new company. Early support with the business plan was provided by DD and S, a London-based consultancy led by John Duckworth and including Dr Stuart Slatter of the London Business School. But credit for raising the money must go to Dr Richard Hargreaves, the ex-ICFC manager who had just set up his venture capital consultancy Baronsmead Associates.

Hargreaves suggested increasing the initial capital requirement from £½m to more than £1m, undertook his own market research, and having satisfied himself of the project's potential persuaded Newmarket (Venture Capital), the managed funds of N. M. Rothschild and Schroder Wagg, Westpool Investment Trust and British Petroleum Pension Trust, to provide the finance. "He knew where to go, that's for sure," observes Beardow.

BVT's management team was strengthened by the appointment of Duckworth as chairman and the other DD and S partners have also been appointed directors primarily to keep an eye on the financial management of the new concern.

Progress over the last year has been somewhat slower than the original business plan implied—but Beardow and Walsh remain confident that they can compete anywhere in the world on technical skill and that they have some important inherent advantages. While their Japanese and German competitors, for example, source many of their own parts, BVT, because of its size, has the flexibility to go for the best components that appear on the market.

BVT is also closely associated with the Institute von Ardenne at Dresden, West Germany, a leader in many areas of thin film coating technology. The company, however, fully intends to establish its own R and D facility.

Orders received recently by BVT include one from the Department of Trade and Industry under the Preproduction Order Scheme for Thorn EMI's Capitol Magnetics subsidiary and export contracts from Sierracin Inc, an aerospace company, and Andus Corporation, both of California.

Credibility, however, remains one of the biggest stumbling blocks and the company pays tribute to Hill Samuel and the Export Credits Guarantee Department for providing crucial backing for the Sierracin deal. "We think we were technically well ahead of the competition but we had to go to California seven or eight times to get the contract."

Another problem is the company's almost total dependence at this stage on Walsh and Beardow. "If we go under a bus," jokes Beardow, referring to the keyman insurance policy which has been taken out on their lives, "the shareholders will be very rich."

The two BVT executives, however, are conscious that success can only be achieved with the help of the whole workforce, which will not be allowed to grow more quickly than is absolutely essential. In an impressively democratic gesture, the two men insist that everybody (including themselves) is on the staff, everybody (including them) clocks in first thing, and everybody has the same holiday entitlement and terms and conditions. "We are trying to get away from the old cloth cap image of Lancashire," says Beardow. "This is a clean, modern factory, not a dirty old workshop."

The four specialists who keep a business in order

The HOW TO of...

CHOOSING ADVISERS

EVEN SOLE traders who would say they are going it alone need advisers. For a start there is the accountant who, at the very least, acts as an interface with the Inland Revenue. But most businesses use three other key people too —a bank manager, a solicitor and an insurance broker. What should you look for?

For fairly obvious reasons friends and relations should be avoided. Professional relationships are less likely to become clouded by emotion. Advisers are there to help you avoid or solve problems and cool analysis is not always easy if you know someone too well. Of course you may well become good friends over time, but by then you should have established a proper means of working together.

When choosing a bank manager it is pot luck whether the relationship will prove satisfactory; you choose your bank (for most practical purposes they are not much different from each other) and get what you're given. Most people then stick to the same bank and branch for the rest of their lives, dealing with a succession of managers.

But managers vary. Some have been better trained than others to understand the needs of small business. These may make demands of you in terms of things like management accounts, but in the long run you will probably do better with them because they will look for ways to help you and make sure of keeping your growing business.

Visit your bank manager at least twice a year. Send him copies of your accounts. Develop the relationship. But if he doesn't show much interest, tout your business round the other banks and tell your manager that you are doing it. You want to be seen as something more than an entry in a ledger; you never know when you might need your bank manager's goodwill.

Choosing an accountant, solicitor or insurance broker is different. It is best not to go to firms that are so large you will be unimportant to them. Though most have adjusted to try and accommodate the small business they need big company clients and the associated fees or commissions to pay their overheads. Big business is what they understand best and they may not appreciate your occasional need for someone to hold your hand.

At the other end of the scale, avoid one-man firms, because there are bound to be times when you want him (or her) and he is on holiday, or ill, or out of town on another client's business. Two or three person partnerships are a better bet because they will always have someone to help you but one partner will know your business well.

What you want is to be treated as someone worth nurturing, so you need people who know enough about small business to do that. What you don't want are the over-cautious and unimaginative. You want advisers with some life in them and some entrepreneurial flair of their own. They will then probably understand you and your motivations, while having enough professional discipline to temper any over-optimism you may occasionally display.

Don't be overawed by advisers. You want to feel sufficiently at ease to challenge advice, ask for explanations and explore alternatives. Try to find people not too far removed from your own background who will understand what you value in life.

Try and find them, too, within reasonable distance. It is daft to pick people who are 50 miles away when a look in the Yellow Pages will identify plenty within walking distance. To pick out the likeliest it is as well to ask around your friends, business contacts and, if you are happy with him, your bank manager. You can always change, though you should not do so too often. But when you find people you are happy with, stick with them.

Ian Hamilton Fazey

'Oiling the wheel' in Leeds

A LITTLE money can go a long way when you are setting up a small firm. That's the view of John Upex, who runs a business "nursery" in Leeds.

"Given some expertise and a sheltered environment, it is perfectly possible to start a business with perhaps a few thousand pounds," he says.

Yet start-up finance remains one of the main problems for the would-be businessman. "Banks often just do not want to know about a man with a good idea, who has perhaps a failure or two behind him, and who needs a few thousand to get started again," says Upex.

He provides start-up money as share capital, provides office space, a desk and a telephone. "Then it's up to the individual to work. You can't expect results from just turning up every day."

He runs Upex Industries business nursery in Wellington Street, Leeds, which he set up last February after leaving an engineering company he had established five years ago in Sheerness, Kent. Four small businesses are at present under his wing. Another, in solar heating, folded earlier this year.

So what expertise and aid does Upex feel he can offer aspiring businessmen?

He says he understands their difficulties and frustrations first hand, and can bring a steadying influence. "Many want someone to oil the wheels and, as it were, hold their hands."

Upex says he opened the nursery "to fill a big gap in the market." He left RJP Engineering in Kent and put the £16,000 he received on leaving into setting up his "sheltered environment," as he calls it. He leases 600 sq ft of office space and 2,000 sq ft of factory. More is readily available, he says, if a venturer should need it.

The nursery provides whatever specialist management the venturer may lack, says Upex, usually in the fields of general and financial management and control, but also in design, marketing and sales.

Before starting his Kent business, Upex studied engineering at university and worked for Sir Robert McAlpine and for Babcock.

One of the four companies under the Upex roof is PHD Chemicals, run by Jonathan Palmer. He heard of the scheme through the Leeds Business Venture in May this year. Now he says his cleansing and greasing solution business is heading for a £1m turnover in 1984-85.

Palmer says of Upex: "In less than one week, he'd got me into a 'go' situation.

"What John can do is put in finishing touches and polish edges. Without him I wouldn't be in business now."

Upex put £7,000 share capital into PHD and is a co-director —as he is of all the companies.

The three other businesses are Martin Gray's Gray Cleansing Systems, David Moore's Travelmore travel agency, and John Palmer's tyre casing company. Upex sees their growth as more gradual than PHD's, but is hopeful that they will succeed.

"Of course there's an element of risk," says Upex. But he feels that by taking a substantial share of each venture and pooling his skills with those of the venturer, the risk is minimised.

The nursery, he says, expects to make its profit from the success of the businesses in which it is actively involved—rather than from purely "parasitic" activity.

But Upex pays a penalty for his single-minded approach. "I can't relax," he admits. And he doesn't.

John Kitching

In brief . . .

SIXTY of London's small businesses will have the chance to show their goods to buyers representing department stores throughout the world at a "Profit in Store '84" exhibition to be held at the Honourable Artillery Company in the City on November 22 and 23.

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Write Box G10207, Financial Times 10 Cannon Street, EC4P 4BY

ON INSTRUCTIONS OF THE JOINT LIQUIDATORS
FOR SALE AS A GOING CONCERN
THE BUSINESS GOODWILL, ASSETS AND ORDER BOOK OF
The sale offers an opportunity to acquire a well-known engineering company, established in 1865, with substantial expertise in the design and manufacture of narrow-gauge railway equipment and associated products and on sugar plantations, etc.
Based in Leeds, the company has, over the years, become deeply involved in the export market and has developed a worldwide reputation for its products. Current customers include national and international companies and public utilities.
Full details and prospectus from:

The Sole Agents:
T. SAXTON & CO.
Chartered Surveyors
52, Bank Street, Sheffield
Telephone: (0742) 730404
19, East Parade, Leeds
Telephone: (0532) 434011

KENT COUNTRY NURSERIES LIMITED

The Joint Receivers offer for sale the 21 year established business, goodwill and assets of this retail and mail order nursery, located at Challock Lees, Ashford, Kent.
The assets include:-
* freehold nursery site of 5 acres incorporating 1½ acres of glasshouses.
* various planted, containerised and potted trees, bushes and plants, growing on 45 acres of accommodation land.
* mail order facilities including packing shed with equipment and materials.
* advertising literature and customer details for past three years.
* nursery plant and machinery.
* spacious office accommodation.

Turnover approximately £750,000 p.a. including mail order.
A further 40 acres of freehold land and an impressive freehold house adjoining the nursery site may be available by separate negotiation.
All enquiries to Peter Phillips or Edwin Kirker:
Arthur Andersen & Co.,
1 Surrey Street,
London WC2R 2NT.
Telephone: 01-836 1200.

ARTHUR ANDERSEN & CO

GERMAN CARAVAN MANUFACTURER

The opportunity exists to acquire from the receivers of Caravans International (Overseas Holdings) Limited the business and assets of a German subsidiary manufacturing touring caravans.
* Freehold factory in the Frankfurt area
* Annual turnover approximately DM 50m
* 270 employees

Enquiries to C H Ainscough ACA, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY. Telephone: 01-407 8989 Telex: 884657

Price Waterhouse

FOR SALE BY THE JOINT RECEIVERS
A P LOCKE AND D R F SAPTE
The business and assets of a company specialising in high quality glass fibre products made by resin injection techniques, including mould making facility and customer list.
Interested parties contact:
A P LOCKE
BEGBIES
3 Raymond Buildings Gray's Inn London WC1R 5BH
TEL: 01-242 6939

FOR SALE BY THE JOINT RECEIVERS
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The business and assets of a substantial fitted kitchen company situated in North London. Large amount of stock of high quality held, unit parts and appliances
Interested parties contact:
D. R. F. Sapte
BEGBIES
3 Raymond Buildings, Gray's Inn, London WC1R 5BH
TEL: 01-242 6939

Hotels and Licensed Premises

HISTORICAL MANORIAL HOTEL
Ideal location in South Yorkshire
With planning for 22 bedrooms
Bars, Restaurant & Sports facilities at present in operation
OFFERS AROUND £295,000
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KENT BASED CAR HIRE BUSINESS
Fleet of Granadas including Ghias, good contract work with national companies, well established business. Prime office site, good profits with excellent cash income. Consistent record of increasing profits, turnover £300,000 pa.
Write Box G10206, Financial Times 10 Cannon Street, EC4P 4BY

PLANTATION FOR SALE GEORGIA U.S.A.
3,800 ACRES OF PRIME FARM AND PASTURE LAND
100 miles South East of Atlanta
Agents and Principals welcome
For details call:
London (UK) 01-628 4488
Mr Sorensen

Businesses Wanted

Wanted
POTENT PRIVATE COMPANY
Our PRIVATE COMPANY clients are looking to purchase a PROFITABLE MANUFACTURING COMPANY: with MODERN PRODUCTS, ON-GOING MANAGEMENT, and EXPORT POTENTIAL/EXPANSION
This will ideally suit the family company RETIREMENT/CAPITAL REALISATION situation, but DEVELOPMENT FINANCE could also be AVAILABLE for a CONTROLLING INTEREST
LOCATION of SOUTH/SOUTH-WEST preferrable, but companies of MERIT considered elsewhere
All replies in the STRICTEST CONFIDENCE:
C. N. Kenyon
KENYON BUSINESS SERVICES LTD
Sumlock House, 314 Chester Road
Hartford, Cheshire - Tel: 0606 888810

WANTED STOCK BROKING FIRM
London firm seeking to consolidate and strengthen due to impending financial revolution in the City, would be most interested in preliminary confidential discussions with a small/medium firm with a view to a mutually beneficial merger arrangement ensuing.
Principals or their professional advisors only please reply in confidence to Box G10184, Financial Times, 10 Cannon Street, London, EC4P 4BY.

GLASS AND SHOPFITTINGS
Old established family business with substantial freehold property assets wishes to expand by acquisition of or merger with company in similar field. Only companies which are profitable and have turnover in excess of £1m need apply
Enquiries to:
BARLING FINANCE BROKERS
18 Queen Street, Mayfair, London W1Z 8JN - Tel: 01-629 7363

WANTED BUILDERS & PLUMBERS
association with similar organisa-
A public company involved in distribution and supply to the DIY and building industry is looking to purchase a Builders & Plumbers Merchant Company. *We are* specifically looking for expertise in bathroom and sanitary ware. Replies will be treated in strictest confidence.
Write Box G10175, Financial Times 10 Cannon Street, EC4P 4BY

PRIVATE INVESTOR
wishes to acquire a Profitable Company in North London or Northern Home Counties area
Regular net profits in excess of £20,000 pa required with growth prospects
TEL: 01-950 1344 ANYTIME
NO AGENTS PLEASE
Will deal only with Principals

Entrepreneur
with capital seeks controlling interest in company, possibly related to agriculture: South of England. Current profitability not essential
Write Box G10168. Financial Times 10 Cannon Street, EC4P 4BY

PUBLIC-QUOTED COMPANY WISHES TO ACQUIRE COMPANIES IN LEISURE FIELD
With Good Management
£200,000 Profits upwards
Write Box G10159. Financial Times 10 Cannon Street. EC4P 4BY

OIL AND GAS
North American Production
U.K. quoted group wishes to receive details of commercially attractive acquisition prospects preferably with additional development potential.
Cash or share exchange funds available for suitable opportunities in the 1–20 million U.S. Dollar price range.
Replies in confidence to:
Box G 10172, Financial Times,
10, Cannon Street, London EC2P 4BY.

U.K. Company
has funds available to purchase companies involved in transport distribution, road haulage, plant hire. Please reply to investor
All replies will be acknowledged
Write Box G9994, Financial Times 10 Cannon Street, EC4P 4BY

WANTED P C B MANUFACTURER
THAMES VALLEY LOCATION
Write Box G10187, Financial Times 10 Cannon Street. EC4P 4BY

WANTED
Industrial company wish to buy or form partnership with a company in design and application of systems for control of industrial processes, building services, energy management
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MIDLAND BASED GROUP OF COMPANIES WITH DIVERSE INTERESTS
is seeking expansion by acquisition
Adequate funds are available for both purchase and expansion
Write Box G10219, Financial Times 10 Cannon Street, EC4P 4BY

BUSINESS WANTED
PLC with major electrical engineering division seeks to acquire an electrical lighting manufacturing company with a view to expansion. The company should currently be making profits in excess of £200,000 with growth potential. Own product lines essential. Existing management to be retained.
Please reply in confidence to:
Box G.10178, Financial Times,
10, Cannon Street, London EC4P 4BY.

Price Waterhouse

CONFIRMING HOUSE WANTED
An overseas finance company wishes to purchase an established UK Confirming House.
In the first instance please contact Price Waterhouse Mergers & Acquisitions Service:
PS Padmore FCA, Price Waterhouse,
Southwark Towers, 32 London Bridge Street, London SE1 9SY.
Telephone: 01-407 8989. Telex: 884657

WANTED
CONSTRUCTION COMPANY
Majority stake in, or total acquisition of small/medium NHBC approved construction company in area south of A40/M40
Reply in first instance to Box G10193
Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS WANTED
An expanding group wishes to purchase a business specialising in Wholesale/Cash & Carry distribution of
TOILETRIES - COSMETICS - STATIONERY - FANCY GOODS
CHEMISTS' SUNDRIES - GIFT PACKS Etc
with an annual pre-tax profit of at least £200,000
If you are interested in selling write to us at Box G10197
Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS WANTED
Progressive listed company wants to buy manufacturer of
INDUSTRIAL FASTENERS
and related products
Turnover up to £5 million
Write Box G10177, Financial Times
10 Cannon Street, London EC4P 4BY

PUBLISHING
Publisher wishing to expand seeks to buy a small book or magazine publishing company. All staff to be retained and ideally agree to stay on.
Write in full confidence to:
Box G10188, Financial Times
10 Cannon Street, EC4P 4BY

SOLICITORS PRACTICE
Wanted to purchase small practice London area or within 15 mile radius. Also prepared to negotiate with solicitor who plans to retire within the next few years.
Replies to:
BRADLEYS
25 Ashburn Place
London, SW7, England

RETAIL TRAVEL AGENCY
An international organisation wishes to acquire a profitable retail Travel Agency in prime location in West End of London (preferably Mayfair) *and invites interested persons* to contact:
MR L. SMITH - TEL: 01-409 0179

WELL ESTABLISHED DEBT COLLECTION CO
wishes to acquire other Collection Agencies. Would consider loss makers
Write Box G10198, Financial Times 10 Cannon Street, EC4P 4BY

WANTED
PURCHASE OR SHARE OF ABTA/IATA AGENCY
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by well connected buyer able to increase sales
Write Box G10170, Financial Times 10 Cannon Street. EC4P 4BY

WE WISH TO ACQUIRE A PROFITABLE COMPANY
IN THE LONDON AREA
Earning £100,000-£300,000 net pa with growth potential
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PUBLIC RELATIONS
Active and expanding PR Consultancy seeks to acquire like-minded Consultancy with current PR billing of £150-£250,000 pa
Write Box G10041, Financial Times 10 Cannon Street. EC4P 4BY

LISTED COMPANY WANTED
Our client, a private engineering company, wishes to buy a controlling interest (preferably 75%) in an unprofitable public company with tax losses £300-500K.
Property, leisure or food related company also of interest. Strict confidence and integrity assured.
Write Box G.10174, Financial Times, 10, Cannon Street, London EC4P 4BY.

ADVERTISER seeks for early cash purchase established business with regular net profit between £20-50,000 per annum. Details please in confidence to Box G 1001, Financial Times, 10, Cannon Street, London EC4P 4BY. 367327 Malcolm

TRANSPORT HAULAGE/VEHICLE REPAIR required. With or without property. Confidentiality assured. Tel: Barleston (078 139) ...

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Tuesday October 30 1984

U.S. farm options arrive amid high hopes, Page 34

WALL STREET

Caution as Opec convenes

FINANCIAL markets on Wall Street took on a more cautious edge yesterday as the Opec ministers convened in Geneva and the U.S. Presidential campaign approached its peak, *writes Terry Byland in New York.*

The credit markets, which expect to be hit on Thursday by the Treasury's announcement of its fourth-quarter refunding plans, shied away from a federal funds rate edging above the crucial 10 per cent.

The stock market trod water around its established levels, with turnover down to its lowest level since the Columbus Day holiday. The Dow 1,200 mark held firm, however, and prices steadied at the close, when the Dow Jones industrial average was 3.54 down at 1,201.41.

Only 62m shares traded, the lowest daily total since October 8. Shares were helped by a late improvement in bonds, after Fed funds eased to 9 15/16 per cent.

The rise in federal funds was discouraging for the markets, which last week took the view that the Federal Reserve had lowered its monitoring range to below 10 per cent. Mr Donald Regan the Treasury Secretary, encouraged this more optimistic view yesterday when he told a meeting of U.S. savings and loan institutions that the sluggishness in monetary growth "leaves a lot of room for the Fed to ease."

Several bond market specialists, notably Dr Henry Kaufman of Salomon Bros, have questioned the reliability of the recent downturn in rates. Also unsettling is the expected weight of Treasury funding, possibly for as much as $50bn before the end of the year.

Significant data on U.S. economic progress is due for release this week. The Commerce Department will publish its index of leading economic indicators for September and also revise its August figure. Some bond market participants believe this will show a further sharp slowdown in the economy, with unsettling implications for a stock market already turning sluggish.

Oil stocks continued to drag behind the market yesterday as traders awaited news from the Opec meeting. Other major stocks were steady, but across the broader range of the market, disappointment with the flow of corporate results brought out some sellers. Reduced block trading indicated that the bid institutions had stayed out of the market, leaving the private investor to take profits.

Atlantic Richfield lost $¼ to $47¼, and Chevron, also a North Sea producer in Europe, dipped $½ to $33. Phillips Petroleum at $39⅜ was $⅝ off. Exxon shed $⅛ to $43⅛, with half a million shares traded by midsession.

Mobil at $30½ was $½ lower, after shedding an early gain, which reflected speculative hopes of a bid – perhaps from the old adversary, Mr Boone Pickens of Mesa Petroleum.

IBM improved $¾ to $24½. General Motors $⅜ to $79⅝. Dow Chemical $¼ to $29¾ and Texas Instruments $1¼ to $125¾. Semiconductor issues brightened after last week's shake-out.

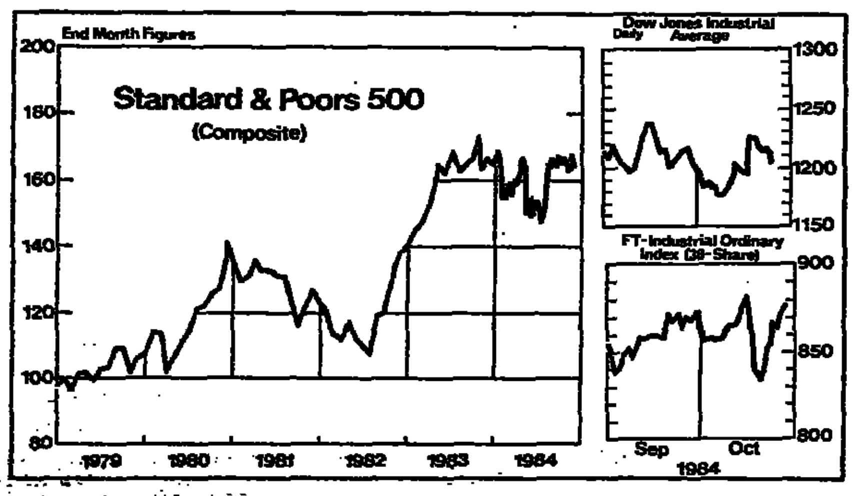
But United Steel at $23 gave up $⅛. Merck, the pharmaceutical group, dipped $⅛ to $84⅝, Monsanto lost $⅝ to $44, Sears Roebuck $⅜ to $32⅝ and J. C. Penney $¼ to $53⅜.

R. J. Reynolds, the cigarette manufacturer, eased $⅜ to $69, despite the plan to buy in up to 10m shares at $73.50. At $36⅝ Textron eased $⅜ after its chairman reiterated his opposition to the approach from Chicago Pacific.

In the credit market, federal funds opened at 9⅝ per cent but soon crept higher. Tensions eased as midsession passed without any further move to drain reserves by the Fed, but Treasury bill rates remained at Friday night's levels, with three-month bills at 9.32 per cent and six-month at 9.58 per cent.

Government bond prices opened firmly, but the pace slackened as the funds rate moved up. Institutional interest remained slow, although yesterday's bill auction was the only Treasury cash-raising due this week. The price of the key 30-year long bond at 106⅝ was 5/32 up.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 29	Previous	Year ago
NEW YORK			
DJ Industrials	1,201.41	1,211.02	1,223.48
DJ Transport	525.02	528.24	576.61
DJ Utilities	141.41	142.23	139.26
S&P Composite	164.78	166.31	163.37
LONDON			
FT Ind Ord	878.2	873.2	703.1
FT-SE 100	1,136.1	1,130.5	927.4
FT-A All-share	536.3	534.21	437.38
FT-A 500	583.86	581.37	474.3
FT Gold mines	519.2	544.8	461.3
FT-A Long gilt	10.40	10.43	10.42
TOKYO			
Nikkei-Dow	11,176.93	11,155.02	9,321.37
Tokyo SE	853.55	850.18	683.3
AUSTRALIA			
All Ord.	750.8	750.6	682.7
Metals & Mins.	441.6	441.1	504.2
AUSTRIA			
Credit Aktien	57.27	57.00	54.25
BELGIUM			
Belgian SE	163.32	163.99	122.73
CANADA			
Toronto			
Metals & Minls	1,930.2*	1,954.9	2,231.0
Composite	2,350.0*	2,370.2	2,360.3
Montreal			
Portfolio	115.71*	116.59	115.3
DENMARK			
Copenhagen SE	166.48	165.79	199.05
FRANCE			
CAC Gen	181.9	183.0	141.3
Ind. Tendance	118.5	119.1	89.1
WEST GERMANY			
FAZ-Aktien	363.82	376.36	339.28
Commerzbank	1,062.00	1,073.6	1,006.9
HONG KONG			
Hang Seng	1,039.3	1,056.84	826.13
ITALY			
Banca Comm.	209.87	210.34	185.71
NETHERLANDS			
ANP-CBS Gen	179.9	180.8	137.1
ANP-CBS Ind	142.1	143.2	112.0
NORWAY			
Oslo SE	268.71	267.06	203.38
SINGAPORE			
Straits Times	842.94	853.48	948.89
SOUTH AFRICA			
Golds	1,030.7	1,022.3	691.6
Industrials	889.3	889.3	891.2
SPAIN			
Madrid SE	144.02	144.77	125.23
SWEDEN			
J & P	n/a	1,462.78	1,436.33
SWITZERLAND			
Swiss Bank Ind	379.6	380.4	345.9
WORLD	Oct 26	Prev	Year ago
Capital Int'l	184.1	185.4	179.0

GOLD (per ounce)

	Oct 29	Prev
London	$335.75	$337.75
Frankfurt	$336.625	$338.25
Zürich	$336.25	$337.75
Paris (fixing)	$335.98	$338.74
Luxembourg (fixing)	$336.15	$338.25
New York (Dec)	$338.00	$340.30

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Oct 29	U.S. DOLLAR Previous	STERLING Oct 29	STERLING Previous
$	–	–	1.209	1.2215
DM	3.0725	3.0275	3.715	3.705
Yen	246.65	245.75	297.25	300.0
FFr	9.4125	9.33	11.3775	11.41
SwFr	2.521	2.487	3.0475	3.0425
Guilder	3.4523	3.4325	4.18	4.1875
Lira	1,904.5	1,885.5	2,299.0	2,304.0
BFr	61.91	61.35	74.8	74.9
C$	1.3191	1.31725	1.5965	1.6085

INTEREST RATES

	Oct 29	Prev
Euro-currencies (3-month offered rate)		
£	10 11/16	10⅝
SwFr	5¼	5 5/16
DM	5⅞	5 13/16
FFr	11	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10⅜	10¼
6-month U.S.$	10⅜	10 11/16
U.S. Fed Funds	9 15/16	9⅝
U.S. 3-month CDs	9.90	9.85
U.S. 3-month T-bills	9.31	9.33

U.S BONDS

	Oct 29* Price	Oct 29* Yield	Prev Price	Prev Yield
Treasury				
11⅝ 1986	100 19/32	11.30	100 19/32	11.30
12¼ 1991	101 23/32	11.88	101 23/32	11.87
12⅝ 1994	103 27/32	11.94	103 27/32	11.94
12½ 2014	106⅝	11.75	106⅝	11.74
Corporate				
AT & T				
10⅜ June 1990	92⅞	12.15	92⅞	12.15
3⅞ July 1990	71	10.85	71	10.85
8¾ May 2000	75½	12.30	75½	12.30
Xerox				
10¼ March 1993	91⅞	12.30	91⅞	12.30
Diamond Shamrock				
10⅜ May 1993	90⅞	12.40	90⅞	12.40
Federated Dept Stores				
10⅜ May 2013	75½	12.30	75½	12.30
Abbot Lab				
11.80 Feb 2013	93	12.70	93	12.70
Alcoa				
12¼ Dec 2012	95½	12.85	95½	12.85

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	69–31	70–05	69–25	69–26
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	90.55	90.57	90.51	90.53
Certificates of Deposit (IMM) $1m points of 100%				
Dec	89.75	89.78	89.68	89.73
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	89.36	89.38	89.26	89.36
20-year Notional Gilt £50,000 32nds of 100%				
Dec	106–19	106–27	106–10	106–19

COMMODITIES

(London)	Oct. 29	Prev
Silver (spot fixing)	595.85p	595.50p
Copper (cash)	£1,074.00	£1,077.00
Coffee (Nov)	£2,522.50	£2,513.00
Oil (spot Arabian light)	$28.05	$28.18

TOKYO

Wary view of gains takes hold

TRADING remained slow in Tokyo yesterday, reflecting an uncertain outlook for Wall Street and a lack of incentives, but share prices closed moderately higher, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average rose 25.98 from Saturday to 11,176.93, on volume of 362.83m shares, slightly up from Friday's 355.69m. Advances outpaced declines by 384 to 296, with 129 issues unchanged.

Increasing wariness was shown at the rapid upward trend in prices that began on October 18 and has taken the index close to the all-time high of 11,190.17 reached on May 4.

Speculative issues drew interest. Ube Industries topped the list of active stocks with 14.10m shares changing hands, rising Y9 to Y216 on news of its advance into pharmaceuticals and agricultural chemicals.

Biotechnology-related drug-makers were also busy, but with the accent on selling. Dainippon Pharmaceutical, the pace-setter in the recent surge of pharmaceutical issues, fell Y280 to Y5,590 on profit-taking, and Daiichi Seiyaku Y40 to Y2,350. Mochida Pharmaceutical suffered a fifth consecutive maximum allowable daily loss of Y500 to Y14,100.

Conversely, food manufacturers diversifying into pharmaceuticals attracted buyers, with Takara Shuzo climbing Y42 to Y599 on investor appraisal of its research into biotechnology.

Non-ferrous metals were also traded heavily, accounting for three of the five busiest stocks. Mitsubishi Metal dropped Y9 to Y652 on volume of 11.39m shares, while Mitsui Mining and Smelting weakened Y12 to Y520 and Sumitomo Metal Mining Y10 to Y1,620.

During the afternoon, high-priced issues gained ground on the strength of light purchases. KDD, Japan's international telecommunications monopoly, advanced Y790 to Y23,790, Kyocera Y390 to Y8,040 and Sumitomo Special Metals Y350 to Y6,240.

Other gainers were city banks and non-life insurance companies. Sumitomo Bank firmed Y90 to Y1,240 and Tokio Marine and Fire Y32 to Y660. Elsewhere, Shinagawa Fuel scored a daily limit rise of Y100 to Y720.

The bond market firmed in extremely thin trading, with securities companies purchasing bonds to build up their holdings. Some trust banks issued small-lot sell orders for profit-taking in the over-the-counter market, but other investors kept a generally low profile.

The yield on the barometer 7.5 per cent government bond, due in December 1993, fell sharply to 6.865 per cent, from last Friday's 6.930 per cent.

HONG KONG

LOCAL profit-taking amid uncertainty over the outlook for interest rates following yesterday's prime rate cut by domestic banks left Hong Kong lower.

The Hang Seng index dropped 17.54 to 1,039.30.

Banking issues saw Bank of East Asia shed 60 cents to HK$20.50, Hang Seng Bank 75 cents to HK$37 and Hongkong and Shanghai Bank 5 cents to HK$6.70.

Among other leaders, Cheung Kong fell 15 cents to HK$8.35, Hutchison Whampoa 20 cents to HK$14.30, Jardine Matheson 15 cents to HK$7.85 and Swire Pacific 30 cents to HK$19.

AUSTRALIA

A LATE rally eliminated earlier declines in Sydney, enabling the All-Ordinaries index to edge 0.2 higher to 750.80.

Nicholas Kiwi added a further 2 cents to A$4.60 in response to the announcement by Consolidated Foods of the U.S. that it is to raise its bid above the A$4.30 a share being offered by Reckitt and Colman of the UK.

Elsewhere, Comalco continued to respond to higher aluminum prices, gaining 5 cents to A$2.50.

EUROPE

Flick fears unsettle Frankfurt

THE RAMIFICATIONS of the Flick bribery allegations continued to unsettle West German equity and credit markets yesterday as regional election results indicated a drop in support for the country's ruling centre-right coalition and the affair threatened to engulf Chancellor Helmut Kohl.

The **Frankfurt** retreat did, however, come on a day when few other continental European centres could find an upward impetus, and the existence of underlying support was shown in a late rally – albeit in thin dealings – which pulled prices off the worst.

The midsession daily calculation on the Commerzbank index was 11.6 down at 1,062.0, off 39.2 – or more than 3½ per cent – since its peak set just a week earlier.

Profit-taking prompted falls of DM 6.50 in Siemens at DM 437.50, DM 8.50 for Deutsche Babcock at DM 145 and DM 21.50 by Porsche at DM 1,028. AEG came close to losing its recently attained hold on the DM 100 level with a DM 2.50 dip to DM 101.

The financial side was markedly better supported, and Dresdner Bank's 50 pfg firmer finish at DM 169 was one of the day's few gains. Deutsche Bank recovered an initial DM 4 loss to end steady at DM 365.50, while insurer Allianz added DM 7 to DM 1,055. Its associate Munich Re held at DM 1,150.

Lufthansa, amid the current oil price uncertainty, shed DM 4.40 to DM 168.50.

The domestic bond market, meanwhile, could find no fuel for a rally, and losses averaged ½ point. The Bundesbank bought DM 74.6m of paper, after Friday's DM 104.3m purchases.

Amsterdam, by contrast, had banks among the weakest in a thinly traded session. ABN fell Fl 6.50 to Fl 338 and Ned Mid Fl 2 to Fl 149, while the insurance sector showed Nat-Ned Fl 1.50 weaker at Fl 240.

Muted gains were managed both by Roal Dutch, 70 cents up at Fl 169.50, and KLM, which at Fl 42.30 firmed 20 cents.

Domestic bonds were little changed.

A downward drift occurred in dull Paris trading, bringing the market off last week's peaks. BSN-Gervais lost FFr 35 to FFr 2,490 ahead of parent company results, Avions Dassault fell FFr 26 to FFr 739 and Carrefour at FFr 1,715 was off FFr 25.

Stocks within the Pesenti empire were in favour in **Milan**. Italmobiliare put on L2,400 to L63,800 and remained in demand in after-hours dealings, while Italcementi added L300 to L54,080, reportedly on institutional buying. Generali gained L450 to L30,350.

Government bonds firmed.

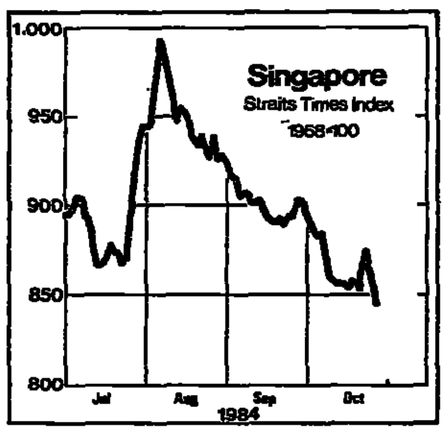
An otherwise lacklustre **Zurich** was enlivened by the debut of Gavazzi, the holding company for an electronic components maker, which closed well above expectations at SwFr 3,900, against an issue price of SwFr 2,400. The introduction of forward dealings in other Swiss exchanges brought no great flurry of demand.

Bond held steady.

Brussels drew selling of Petrofina, down BFr 40 at BFr 7,420 on poorer than expected results from its U.S. unit. Cometra, also in the oil sector, shed BFr 50 to BFr 3,070 despite the planned disposal of its Zaire interests and acquisition of Valex, a U.S. producer, both moves being viewed as positive.

A mixed to lower **Stockholm** result allowed Asea a SKr 15 rise to SKr 370, but MoDo was that amount lower at SKr 280.

The food sector held out against an otherwise lower **Madrid** trend.



SINGAPORE

PRIME RATE cuts over the weekend by the four major local banks failed to provide any cheer in Singapore, and shares continued their downward drift, ending at their lowest level for 19 months.

The Straits Times index fell 10.54 to 842.94, taking the cumulative decline over the past four trading sessions to 33.55.

The lethargy is being attributed to a reduction in bank lending for investment and the depressed state of the local property market.

The major newspaper shares, suspended since mid-July pending a re-organisation, resumed trading. Straits Times was 90 cents higher at S$10.90, Singapore News 30 cents firmer at S$5.80 and Times Publishing 5 cents up at S$8.05.

LONDON

Telecom sale catches attention

INVESTMENT thoughts in London began turning seriously yesterday to the UK's largest-ever share sale, the impending £4bn privatisation of British Telecom. Signs emerged that investors were reserving their funds for the flotation while there also remained some doubt over immediate market trends.

Worries about oil prices and Nigeria's attitude to production cuts also made for caution. When business opened, gilt-edged and leading industrial shares were a shade easier, but the downturn was reversed by a mid-morning demand for longer-dated gilts.

Conventional longs regained early losses extending to ¼ to stand ⅜ higher before drifting off after hours to close a net ¼ up on balance. The shorts managed improvements of ⅛.

Equities took their cue from gilts, and most leading stocks recovered their early losses by noon. Selective buying later extended the upturn, and the FT Industrial Ordinary share index, 2 points down at the first calculation, closed 5.0 higher at 878.2.

Leading oils opened lower but gradually improved on reports that Opec ministers were confident of reaching early agreement.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30-31

SOUTH AFRICA

GOLD SHARES picked up early losses in Johannesburg to close firmer on the day, in the wake of the slide to a record low in the value of the rand during the session.

Randfontein added R4 to R216, having opened at R210, while Libanon put on 50 cents to R39.

Platinums also recovered from easier opening levels, with Impala up 40 cents at R24.75. Among mining financials, Anglo American was up 50 cents at R24.25.

CANADA

SHARP declines in the gold sector paced an overall decline in Toronto, with weakness also evident in oil and gas issues and in metals and minerals.

Montreal showed strength among banks and industrials but less favour for utilities.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.48	2.2	19	z10	22	22	22	+⅛
30½	9⅞	AGS			9	94	12¾	12⅛	12⅛	
18⅜	13⅛	AMF	.50	3.2	86	191	15½	15⅜	15½	
51⅞	49⅝	AMF	pf4.32e	8.6		150	50½	50½	50½	-½
41⅞	24¾	AMR			5	3800	31⅞	30¾	31⅞	+⅝
20⅝	18⅛	AMR	pf2.18	11		17	19½	19¼	19⅜	-¼
41½	27½	AMR	pf2.13	6.5		20	33	32½	32⅞	+⅛
16⅛	8½	APL			4	48	13⅞	13¼	13⅝	
68¾	40¼	ARA	2.10	3.1	14	570	68¼	68⅛	68¼	
69⅝	44⅛	ASA	3e	5.5		330	55⅛	54½	54½	-2
30⅝	16½	AVX	.32	1.8	11	160	18¼	17⅞	18⅛	+⅛
51½	36⅛	AbtLab	1.20	2.9	12	978	40⅞	40⅛	40⅞	+½
23⅞	16¼	AccoWd	s		18	8	21⅞	21⅝	21⅞	-⅛
27⅞	12½	AcmeC	.40	2.6		z32	15⅝	15⅝	15⅝	+⅛
24⅞	11	AdmDg	.04	.2	13	1	24¼	24¼	24¼	-⅛
18⅞	15	AdaEx	2.11e	13.		35	16⅜	16⅛	16½	+⅛
18⅞	11⅞	AdmMl	.28	1.8	8	28	15⅞	15⅝	15⅞	-⅛
22	13½	AdvSys	.81t	5.3	14	216	15½	15⅛	15¼	
41⅛	25¼	AMD			14	3565	32	31¼	31¼	+¼
14⅝	7⅞	Advest	.12	1.4		78	8⅝	8½	8½	-½
17⅞	9⅝	Aerflex			11	50	12½	12⅛	12⅛	-⅛
39	27¼	AetnLf	2.64	7.3	39	2505	36	35⅞	36	+⅜
68¾	52⅝	AetL	pf5.76e	11		68	54⅝	54¼	54½	+⅛
34½	15⅞	Ahmns	1.20	5.1	10	559	23⅝	22⅞	23½	
6½	2⅞	Aileen				13	2⅞	2⅞	2⅞	-⅛
48⅞	36½	AirPrd	1.20	2.7	10	94	44½	44⅛	44¼	
30⅞	13	AirbFrt	.60	3.2	11	156	19	18⅝	19	+⅛
3¾	1⅞	AlaMoa	.60e	14		55	3⅞	3½	3⅞	
31½	26⅜	AlaP	pfA3.92	13		3	29⅞	29⅞	29⅞	-⅛
[illegible]										

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¼	3⅝	ADI	n		17	95	6⅛	5⅞	5⅞	-¼
3	2⅛	ADI	wt			15	2¼	2¼	2¼	-⅛
3⅜	1¼	AICPh				2	1⅜	1¼	1½	+⅛
15¾	8¾	ALLab	n .20	1.8	11	10	11	11	11	+¼
3¼	2⅜	AMInt	wi			3185	2⅞	d2½	2¾	-⅛
2⅜	⅞	ATI				62	⅞	13-16	⅞	
71¼	58	ATTFd	n4.60e	6.7		27	68¾	68¼	68½	-¾
7⅛	2⅛	AcmePr				11	3¼	3¼	3¼	
16⅜	8½	AcmeU	.32	3.6	10	8	9½	9	9	-½
16⅝	9⅝	Action			33	395	13½	13⅛	13⅛	-⅜
9¼	4⅛	Acton				165	5⅛	4⅞	5	+⅛
4¼	2	AdmRs			3	71	2⅛	2⅛	2⅛	
25½	15⅝	AdRusl	s .14	.6	21	123	24⅝	24½	24½	-⅛
24¼	15	Adobe	.24	1.5	11	95	16⅝	16¼	16¼	-⅝
6⅛	3¾	Aegis			15	44	4⅝	4⅝	4⅝	
8⅜	4⅝	Aeronc			8	258	7⅜	7	7⅜	+⅛
25¾	17½	AirHep	.44	2.5	7	3	17⅞	d17⅞	17⅞	-⅛
9¾	6	AirExp			36	49	9⅝	9	9¼	+½
6¾	3⅝	Alamco			2	62	3⅝	3½	3⅝	
14¼	7⅝	AlbaW	.20e	2.5	5	68	8	7⅞	7⅞	
5½	2	AlnTre				5	2⅛	2⅛	2⅛	+⅛
9⅞	5⅞	Aloha	.48r	6.6	2	12	7¼	7⅛	7⅛	+⅛
22¼	11⅝	Alphaln	.05	.4	16	52	12⅝	12	12⅝	
2	½	Altex				41	⅝	9-16	9-16	-1-16
34¼	28⅝	Alcoa	pf3.75	12.		z600	31	30⅝	31	-¼
22	11	AlzaCp			53	373	20¼	19⅝	20	-⅜
20¼	9½	Amdahl	.20	1.8	14	478	11	10⅝	11	+⅛
17	7	Amedco	.08	1.0	9	171	8⅛	7⅞	7⅞	-¼
6½	4⅜	AmBilt	.15	2.4	6	15	6¼	6¼	6¼	+⅛
9⅜	2⅞	AmCap				25	5	4⅞	4⅞	-⅛
27	12¾	AExp	wt			58	22⅝	22⅛	22¼	-⅜
7⅜	5⅝	AFruc	B			5	6⅛	6¼	6⅜	+¼
12¾	9	AHlthM			8	58	9⅝	9¼	9¼	-⅛
7⅞	4	Alsrael			2	28	5⅝	5⅛	5⅝	+⅛
19⅝	13⅛	AMzeA	.52	3.9	7	16	13¾	d13½	13½	-⅜
18½	14	AMzeB	.52	3.8	7	1	13¾	d13¾	13¾	-¼
3⅞	½	AMBld	v			67	⅝	⅝	⅝	
21¼	12½	AMotl	s .16	.8	19	54	21	20⅞	21	+¼
10⅞	5	AmOil			21	37	6½	6⅛	6½	
64¼	53	APetf	3.20	5.3	9	58	60	60	60	

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

R-R-R

S-S-S

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

P-Q

R-R-R

S-S-S

T-T-T

U-U-U

V-V-V

W-W-W

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60	45	Wrgly	1.80a	3.1	11	52	58⅝	58⅛	58½	-⅛
8⅞	3¾	Wurltzr				2	4⅛	4⅛	4⅛	+⅛
25⅜	10¾	WyleLb	.32	2.6	8	63	12¾	12½	12½	-¼
21	16½	Wynns	.60	3.2	7	26	18¾	18½	18¾	

X-Y-Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅞	33¾	Xerox	3	8.5	10	2856	36⅛	35¼	35½	-½
51⅛	45¾	Xerox	pf5.45	11.		30	49⅝	49¼	49¼	
37	19	XTRA		2.4	10	120	26¾	26	26¼	+¼
34⅞	15¾	Zapata	.84	5.4	11	447	15⅝	15½	15½	-⅛
49	28¾	Zayre	.40b	.9	13	235	46⅛	44⅞	45	-1½
38⅝	20	ZenithE			7	560	22½	22⅛	22¼	-⅛
27⅞	18	Zero	s .36	1.6	17	55	22⅞	22½	22½	-⅜
34	21⅛	Zurnln	1.32	5.5	10	161	24	23¾	23⅞	-¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AUSTRIA

Oct. 29	Price Sch%	+ or —
Creditanstalt	214	...
Goesser	330	+1
Interunfall	328	...
Laenderbank	215	...
Perlmooser	350	...
Steyr-Daimler	141	—9
Veitscher Mag.	245	—6

BELGIUM/LUXEMBOURG

Oct. 29	Price Frs.	+ or —
B.B.L.	1,600	—10
Bekaert B	4,950	—30
Ciment CBR	2,720	—80
Cockerill	287	—2
Delhaize	5,950	—40
EBES	2,855	—5
Electrobel	8,550	...
Fabrique Nat	2,200	—10
GB Inno BM	3,365	—30
GBL (Brux)	2,330	...
Gevaert	3,825	—5
Hoboken	6,340	...
Intercom	2,150	+5
Kredietbank	7,610	...
Pan Hldgs	10,000	...
Petrofina	7,420	—40
Royale Belge	9,850	+50
Soc. Gen. Banq	3,300	—45
Soc. Gen. Belge	1,890	—5
Sofina	8,000	—90
Solvay	4,455	—35
Stanwick Intl.	1,600	+30
Tractionel	4,255	—20
UCB	5,400	...
Wagon Lits	2,600	—30

DENMARK

Oct. 29	Price Knr %	+ or —
Andelsbanken	258	+1
Baltic Skand	550	+10
CopHandelsbank	267	+1
D. Sukkerfab	575	+5
Danske Bank	261	+1
De Danske Luft.	1100	...
East Asiatic	179	...
Forenede Brygg.	745	...
Forenede Damp.	108	...
GNT Hldg	395	—5

GERMANY

Oct. 29	Price Dm.	+ or —
AEG-Telef.	101	—2.5
Allianz Vers	1,055	—7
BASF	165.5	—1
Bayer	178.2	...
Bayer-Hypo	294	...
Bayer-Verein	320	—2
BHF-Bank	269	—3
BMW	379	—2
Brown Boveri	200	—2.8
Commerzbank	165.5	—0.2
Cont'l. Gummi	120	—1.5
Daimler-Benz	580	—7
Degussa	363.5	—6.5
D'sche Babcock	145	—8.5
Deutsche Bank	365.5	...
Dresdner Bank	169	+0.5
GHH	153	—1
Hochtief	474	...
Hoechst	175	—1.5
Hoesch Werke	105.5	—2
Holzmann (P)	368	—4.5
Horten	172	...
Hussel	278	...
Karstadt	231	—1
Kaufhof	221.5	+0.5
KHD	248.5	—1.5
Kloeckner	75.2	—0.3
Linde	380	...
Lufthansa	168.5	—4.4
MAN	154	—2
Mannesmann	150.1	—2.5
Mercedes Hld.	510	—5.5
Metallgesell	215	...
Munech Rueck	1150	...
Nixdorf	524	—3
Porsche	1028	—21.5
Preussag	247	—2
Rhein West Elect	163.5	—0.5
Rosenthal	253	—2
Schering	398	...
Siemens	437.5	—6.5
Thyssen	77.5	—1.6
Varta	167	+1
Veba	167.3	—1.7
V.E.W.	119.5	...
Verein-West.	293	+2
Volkswagen	189.2	—0.4

ITALY

Oct 29	Price Lira	+ or —
Banca Com'le	15,705	...

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

FRANCE

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AUSTRALIA (continued)

Oct. 29	Price Aust. $	+ or —
Gen Prop Trust	2.33	—0.02
Hardie (James)	3.44	—0.01
Hartogen Energy	2.23	+0.01
Herald W'yTimes	4.05	...
ICI Aust.	2.15	—0.05
Jimberlana F.P.	0.26	..
Kia Ora Gold	0.12	..
Lend Lease	5.7	—0.6
MIM	2.63	—0.02
Mayne Nickless	3.86	...
Myer Emporium	1.62	—0.03
Nat. Aust. Bank	3.48	—0.01
News	9.5	...
Nicholas Kiwi	4.6	+0.02
North Bkn Hill	2.3	—0.05
Oakbridge	0.73	—0.02
Pancont'l	1.13	+0.01
Pioneer Conc.	1.52	—0.02
Poseidon	3.20	...
Queensland Coal	1.14	..
Reckitt & Coln	2.88	..
Repco	1.21	—0.01
Santos	6.52	—0.04
Smith (Howard)	3.95	...
Thos. Natwide	1.87	...
Tooth	5.6	+0.1
Vamgas	3.45	—0.05
Western Mining	3.00	—0.02
Westpac Bank	3.96	+0.01
Woodside Petrol.	1.17	—0.01
Woolworths	2.66	+0.01
Wormald Intl	3	...

HONG KONG

Oct. 29	Price H.K.$	+ or —
Bank East Asia	20.5	—0.6
Cheung Kong	8.35	—0.15
China Light	15.5	—0.1
Evergo	1.63	...
Hang Seng Bank	37	—0.75
HK Electric	6.1	—0.05
HK Kowloon Wh.	4.22	—0.1
HK Land	3.3	—0.07
HK Shanghai Bk.	6.7	—0.05
HK Telephone	44.5	—0.5
Hutchison Wpa	14.3	—0.2
Jardine Math.	7.65	—0.15
New World Dev.	3.87	—0.03
Orient O'seas	2.55	...
Oseas Trust Bk.	2.62	—0.18
SHK Props.	7.25	...
Shell Elect.	2.00	...
Swire Pac A.	19	—0.3
TV—B	4.72	...
Wheel'k Mard A.	3.62	—0.03
Wheel'k M'time	1.46	...
World Int. Hldgs.	1.46	—0.06

JAPAN

Oct. 29	Price Yen	+ or —
Ajinomoto	1,070	+10
Alps Electric	2,300	—40
Amada	1,190	+20
Asahi Chem.	579	—15
Asahi Glass	831	+1
Bridgestone	585	...
Canon	1,600	+10
Casio Comp.	1,690	...
Chugai Pharm.	1,170	+20
Citizen	625	+10
Daiei	658	...
Dai Nippon Ptg	1,070	+30
Daiwa House	520	...
Ebara	380	+14
Eisai	1,310	—50
Fanuc	11,880	—20
Fuji Bank	1,020	+25
Fuji Film	1,710	—10
Fujisawa	1,090	—10
Fujitsu	1,480	+20
Green Cross	1,730	+50
Hasegawa	370	...
Heiwa Real Est.	562	+12
Hitachi	893	+8
Hitachi Credit	1,130	+20
Honda	1,250	...
House Food	710	...
Hoya	2,680	+50
Itoh (C)	281	—5
Ito. Yokado	2,430	+20
Iwatsu	1,480	—10
JACCS	314	...
JAL	4,730	+230
Jusco	783	+14
Kajima	270	+2
Kao Soap	790	+2
Kashiyama	635	...
Kirin	538	+4
Kokuyo	930	+5
Komatsu	451	+1
Konishiroku	586	+1
Kubota	315	...
Kumagai	421	—6
Kyoto Ceramic	8,040	+390
Maeda Const.	452	—2
Muakino Milling	1,400	...
Myakita	1,080	+10
Marubeni	310	+5
Marudai	580	+5
Marui	1,040	—10
MEI	1,680	+20
M'ta Elec Works.	660	+8
M'bishi Bank	1,010	+20
M'bishi	510	...
M'bishi Elec	422	+4
M'bishi Estate	490	...

JAPAN (continued)

Oct. 26	Price Yen	+ or —
MHI	230	—2
Mitsui Co	321	...
Mitsui Estate	650	—5
Mitsukoshi	341	—9
NGK Insulators	888	—2
Nihon Cement	199	+3
Nippon Denso	1,560	+30
Nipphn Elect	1,270	+10
Nippon Express	301	—5
Nippon Gakki	1,290	—30
Nippon Kokan	136	+1
Nippon Oil	895	+5
Nippon Seiko	711	+21
Nippon Shimpan	512	+2
Nippon Steel	147	—1
Nipppon Suisan	319	—4
NTV	11,700	+700
Nippon Yusen	225	—3
Nissan Motor	610	—5
Nisshin Flour	463	—3
Nisshin Steel	169	—3
Nomura	743	—2
Olympus	1,190	...
Orient Leasing	5,320	—20
Pioneer	2,380	...
Renown	623	—7
Ricoh	1,090	+50
Sankyo	960	—1
Sanyo Elect.	509	+8
Sapporo	582	—11
Sekisui Prefab	577	...
Seven-Eleven	9,750	—100
Sharp	1,160	—10
Shimadzu	748	+8
Shionogi	725	—7
Shiseido	1,150	—10
Sony	3,820	—40
Stanley	964	—2
S'tomo Bank	1,240	+90
S'tomo Elect	921	+1
S'tomo Marine	513	+27
S'tomo Metal	147	—4
Taihei Dengyo	508	+8
Taisei Corp	195	...
Taisho Pharm.	947	—14
Takeda	806	—12
TDK	5,300	+170
Teijin	414	+3
Teikoku	707	+20
Tokyo Marine	660	+22
TBS	810	+11
Tokyo Elect Pwr	1,270	+20
Tokyo Gas	159	...
Tokyo Sanyo	758	—2
Tokyo Style	749	—1
Tokyu Corp.	259	—1
Toppan Print	897	—2
Toray	415	+6
Toshiba Elect.	445	...
TOTO	585	+1
Toyo Seikan	795	...
Toyota Motor	1,330	...
Victor	1,990	+20
Wacoal	755	...
Yamaha	593	+23
Yamanouchi	1,830	—10
Yamazaki	656	...
Yasuda Fire	336	+12
Yokogawa Bdge.	420	—10

SINGAPORE

Oct. 29	Price $	+ or —
Boustead Hldgs.	1.84	—0.8
Cold Storage	2.92	—0.08
DBS	6.0xa	—0.2
Genting	4.92	—0.08
Haw Par. Bros.	2.12	—0.04
Hong Leong Fin.	3.24	...
Inchcape Bhd.	2.58	—0.05
Keppel Shipyard	2.79	...
Malay Banking	8.1	—0.2
Malay Utd. Ind	2.39	...
Multi Purpose	0.99	...
OCBC	9.3	—0.05
OUB	3.14	...
Public Bank	1.82	...
Sime Darby	1.88	—0.06
Straits Trdg	4.9	—0.04
Tat Lee Bk.	3.06	...
UOB	4.58	—0.04

SOUTH AFRICA

Oct. 29	Price Rand	+ or —
Abercom	1.45	+0.05
AE&CI	8	...
Anglo Am Coal	36.00	...
Anglo Am Corp.	24.25	+0.5
Anglo Am Gold	172	+4
Barclays Bank	16.5	...
Barlow Rand	10.5	...
Buffels	80.25	+0.75
CNA Gallo	2	...
Currie Finance	4.15	...
De Beers	8.5	...
Driefontein	53.25	+0.75
FS Geduld	55.0	—0.5
Gold Fields SA	29.5	+0.5
Highveld Steel	4.55	...
Nedbank	12.00	—0.25
OK Bazaars	13.0	...
Protea Hldgs	1.6	...
Rembrandt	29.0	—0.5
Rennies	13.25	...
Rust Plat	16.35	...
Sage Hldgs	7.2	...
SA Brews	6.3	...
Smith (CG)	18.7	...
Tongaat Hulett	7.3	—0.04
Unisec	4.2	—0.05

OVER-THE-COUNTER *Nasdaq national market, closing prices*

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr 8% 97	£88¼	+£⅝
Arcolectric A	52xd	+5
Blue Circle	465	+10
Bradford Prop	347	+12
BAe	378	+10
BHS	258	+6
Burton	338	+9
Cullen's stores	355	+30
Debenhams	195	+8
Int Signal	235	+9
Johnson Matth.	155	+12
Ladbroke	227	+12
Land Securities	302	+6
Marler Estates	120	+9
Resource Tech	68	+8
TI	216	+6
Valor	165	+11
Yelverton Invs	31	+5
Jackson Expln	115	+7
Oliver Pr. & Min	145	+15
ACM	48	+6

FALLS

Barlow Rand	450	—28
Batleys of Yorks	78	—12
Lex Services	335	—13
Rowntree Mack	386	—10
Unigate	142	—6
Anglo Am Gold	74¼	—£2⅛
De Beers Defd	370	—20
Randfontein	£91¾	—£5¼
Vaal Reefs	£77⅞	—3½

Continued on Page 36

CANADA

TORONTO
Closing prices October 29

MONTREAL
Closing prices October 29

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

Indices

NEW YORK-DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

TORONTO

MONTREAL Portfolio

* Indicates pre-close figure

LONDON STOCK EXCHANGE

MARKET REPORT

Markets overcome cautious start and close higher

New Gilt taplet runs out

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 15	Oct 25	Oct 26	Nov 5
Oct 29	Nov 8	Nov 9	Nov 19
Nov 12	Nov 22	Nov 23	Dec 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Investment thoughts began turning seriously yesterday to the UK's largest-ever share sale, the impending £4bn privatisation of British Telecom. Events leading up to and after the mammoth issue, which are likely to dominate London stock markets for the next two or three trading Accounts, were initiated over the weekend with the publication of the preliminary "pathfinder" prospectus.

Signs emerged that investors were reserving their funds for the flotation while there remained some doubt over immediate market trends. Despite the latest reductions in U.S. Prime lending rates, the post-election trend in American interest rates was far from certain. Hardening UK money markets again and resumed sterling weakness against both the dollar and leading Continental currencies were other deterrents.

Worries about oil prices and Nigeria's attitude to production cutbacks also made for caution. When business opened, gilt-edged and leading industrial shares were a shade easier, but the downturn was reversed by a mid-morning demand for longer-dated gilts. Dealers were taken by surprise and the £150m tranche of Treasury 11¾ per cent 2001-04, made available only yesterday, was soon exhausted; the Government broker may also have sold supplies of the £150m tranche Treasury 9½ per cent 1999.

Conventional longs regained early losses extending to ½ to stand ¾ higher before drifting off after-hours to close a net ½ up on balance. The shorts managed improvements of ⅛, although this area of the market was rather overshadowed. Index-linked issues were untested.

Equities took their cue from Gilts and most leading stocks recovered their early losses by midday. Selective buying then extended the upturn and the FT Industrial Ordinary share index, two points down at the first calculation, closed 5 points higher at 878.2. Features were few awaiting positive news from the current Opec meeting, although the oil sector appeared quietly confident of the outcome.

Composites up late

Composite Insurances ended the day with a flourish. After showing little interest throughout the "house" session, buyers appeared late to push quotations higher. GRE closed with a rise of 8 at 616p and Sun Alliance firmed 7 to 382p, after 385p. Elsewhere, Life issues regained some composure after Friday's weakness which stemmed from fears that pension tax concessions may be removed in the next Budget. Equity and Law rallied 8 to 193p but Sun Life finished 9 lower at 670p.

South of England-based retailers Share Drug Stores staged a sparkling debut in the Unlisted Securities Market; the shares opened some 56p above the placing price of 140p and moved up to 200p prior to settling at 191p. Plastics and mechanical engineering specialist Plasmec also fared well in first-time dealings in the USM, opening at 77p and closing at 82p compared with the placing price of 70p.

The undertone in the Building sector remained firm. Blue Circle fared best of the leaders and moved steadily higher to close 10 up at the day's best of 465p, while Tarmac hardened 4 to 490p and BPB Industries 3 to 265p. George Wimpey met with support and firmed 5 to 112p. Elsewhere, John Finlan revived 8 to 100p, while Countryside rose 10 to 194p in response to favourable Press comment. Speculative interest lifted Turriff 10 to 260p.

Chemicals were quietly firm with ICI 4 dearer at 680p.

Stores advance

Leading Stores began the new Account impressively. Investors warmed to confirmation of buoyant consumer spending trends and were optimistic of a continuation over the all-important pre-Christmas period. Closing price levels were the best of the day with Burton 9 better at 336p and Debenhams 8 to the good at 195p. Gussies "A" put on 15½ to 625p xd, while Habitat gained 6 to 352p and BHS the same amount to 256p; the last-mentioned continued to draw strength from a broker's recommendation. Marks and Spencer, unsettled last week by the disappointing interim results, rallied a few pence to 115p xd. Elsewhere, Currys jumped 17 to 412p on hopes of an increased offer from Dixons, 8 up at 308p.

Leading Electricals put on an uninspiring performance, although most quotations picked up after a slightly easier start. Elsewhere, Resource Technology featured a rise of 8 to 66p in response to favourable weekend Press mention. Recent comment continued to help Arcoelectric, which gained 5 more to 52p xd. A late flurry of demand left International Signal 9 to the good at 255p, while Electrocomponents picked up 5 to 300p awaiting today's half-year statement.

TI, stimulated by weekend newspaper comment, encountered occasional buying interest and put on 6 to 216p. Other leading Engineers traded quietly, but were inclined a few pence dearer. Manganese Bronze responded to the increased annual dividend and profits with a rise of 3 to 59p, while comment on the interim figures took Hopkinsons up 4 more to 119p. Sporadic demand lifted Staveley Industries 6 to 268p and 600 Group 2½ to 80p.

Profit-taking hit several of the Food sector's recent speculative favourites. Rowntree Mackintosh, a particularly strong market of late on persisting takeover rumours, reacted to 382p prior to closing a net 10 down at 386p. Unigate dipped 6 to 142p. Batleys of Yorkshire fell 12 to 78p following the chairman's statement quashing takeover suggestions. By contrast, Cullens issues encountered revived speculative support with the Ordinary rising 30 to 355p and the "A" 10 to 255p. Elsewhere, Avana moved up to 507p on the better-than-expected interim results before profit-taking left the close 3 cheaper on balance at 490p. Press comment stimulated Nurdin and Peacock, up 6 at a 1984 peak of 162p.

A reappraisal of the group's recently-announced U.S. property sale helped Ladbroke move up 12 to 227p.

Johnson Matthey up

Johnson Matthey were enlivened by suggestions that British Petroleum may have added to its 3.5 per cent stake in the company and advanced afresh to close 12 higher at 155p. Elsewhere in the miscellaneous industrial sector, weekend Press mention prompted several small improvements with C. H. Industrials rising 2½ to 39½p, Spong 1½ to 17p, and Wedgwood 3 to 183p. Valor, still reflecting hopes that its heating equipment may soon be marketed in the U.S. made fresh progress and put on 11 further to 165p. F. H. Tomkins, up 8 at 115p, responded to comment on the company's bid for Hayters. Late demand lifted British Aerospace 10 to 378p.

Flight Refuelling emerged as a firm feature in Motor Components, rising 12 to 300p on demand ahead of Friday's interim results. Elsewhere, British Car Auction added 4 to 104p awaiting today's preliminary figures, but Lex Service came on offer and dropped 13 to 335p.

The recently-subdued Property sector ran into support and the leaders settled at the day's best. Land Securities, interim results due on November 13, rose 6 to 302p, while MEPC firmed 4 to 316p. Great Portland Estates attracted late buying and closed 4 dearer at 162p. Elsewhere, buying ahead of the interim results, due in a week today, lifted Bradford Property 12 to a 1984 peak of 347p, while hopes of planning permission being granted for its Stamford Bridge site stimulated Marley Estates, 9 higher at 130p. The return to profitability and confident statement helped Regencrest add 1½ at 26p. Towngrade gained 3 to 33p, after 35p, in response to the near-trebled annual profits.

Movements in Textiles generally favoured holders. Tootal hardened a couple of pence to 58p following Press comment, while improvements of 3 and 4 respectively were seen in SEET, 115p, and Stroud Riley, 61p.

Financial Trusts were featured by a rise of 5 to 31p in Yelverton on news of a large shareholding changing hands. Aitken Hume put on 5 to 160p and Edinburgh Fund Managers advanced 7 to 120p. Elsewhere, Aberdeen Trust moved up 3 to 158p following the preliminary results.

Oils quiet

Leading Oils opened lower but gradually improved on reports that Opec ministers were confident of reaching early agreement on production cutbacks and holding the current crude oil reference price at $29 per barrel.

British Petroleum slipped to 468p before closing unchanged at 473p, while Shell finished a shade dearer on balance at 653p, after 645p. Ultramar were marginally cheaper at 252p awaiting news of its onshore well currently being drilled near Winchester. Burmah settled a fraction higher at 210p xd, after 204p xd. Elsewhere, Berkeley Exploration attracted fresh support on hopes of a full bid from Charterhouse Petroleum and gained 5 to 150p. Press comment highlighting the group's recently-announced links with the oil majors, including LASMO and BP, stimulated Jackson Exploration, up 7 at 115p, while good annual results and an optimistic statement helped Floyd firm 3 to 93p. Irish exploration issues fluctuated narrowly prior to closing a shade firmer on balance. Bryson were quoted at 90p ex the one-for-ten bonus issue and one-for-one share split. Oliver Prospecting attracted revived speculative demand and moved up 15 to 145p.

Currency influences depressed South African industrials. OK Bazaars dropped 40 to 550p, Barlow Rand 28 to 450p and South African Breweries 19 to 263p.

Romai Tea, suspended last week at 900p, resumed trading and closed at £11 following news of the increased offer worth £11¼ per share from Williamson. Elsewhere in Plantations, Plantation and General firmed 10 to 292p following the interim results and proposed £2.9m rights issue.

Golds sharply lower

South African Golds and related issues began the new trading account on a thoroughly depressed note. Substantial pressure on the Rand — which fell to an all-time low against the dollar amid rumours that the Reserve Bank was no longer prepared to support the currency—coupled with a poor performance by bullion exerted a strain on sentiment, and the FT Gold Mines index fell 25.6 to 519.2, its lowest level since early-August.

Relatively steady of late, bullion opened lower in London, but despite breaching a rumoured chart "sell" point of around $336 per oz, recovered slightly to close a net $2 off at $335.75 per oz.

Initially dull behind the metal price, South African heavyweight Golds recovered some composure following sporadic Continental demand. The business soon dried up, however, and prices thereafter drifted steadily lower in sensitive trading.

Randfontein fell 5½ to £91¼, while losses of around 3 points were common to Vaal Reefs, £77¼, and Buffels, £34¾. Among the more marginal counters, Loraine lost 20 at 265p, while Leslie, 182p, and Sallies, 288p, gave up 13 apiece.

South African Financials reflected Golds and "Amgold" slowed 2¼ lower at £74¼. De Beers fell 20 to 370p, after 360p, while "Anamint" declined 4½ to £38xd. Transvaal Consolidated Land, which revealed lower preliminary profits last week, dipped ¾ more to £20¼.

London domiciled Financials moved irregularly. Charter improved 10 to 223p but Consolidated Gold Fields succumbed to the general trend and fell 10 at 490p.

An uneventful session in overnight Sydney and Melbourne was mirrored in London and most issues showed little change on the day. CRA firmed 6 more to 346p with investors again being encouraged by the company's proposed interest in the Krupp Stahl—Kloeckner Werke steel merger. Occasional speculative demand lifted Meekatharra 3 to 73p, and Hill Minerals 3 to 29p. ACM were raised 6 to 48p following the latest report on the company's exploration in the Westonia field, Western Australia.

An evenly-balanced, but relatively subdued business in Traded Options resulted in 3,254 contracts struck comprising 1,572 calls and 1,682 puts. The FTSE 100 index contract accounted for a fair slice of the day's activity with 461 calls and 646 puts done. Elsewhere, Bass attracted 145 calls and Courtaulds 163 calls, 127 of the latter struck in the January 140's. Lasmo puts were in demand with 218 trades done, most of which were transacted in the February 300's.

FINANCIAL TIMES STOCK INDICES

	Oct. 29	Oct. 26	Oct. 25	Oct. 24	Oct. 23	Oct. 22	Year ago
Government Secs.	80.76	80.63	80.63	80.52	80.50	79.97	82.07
Fixed interest	83.65	84.39	84.29	84.49	84.30	84.09	84.88
Industrial Ord	878.2	873.2	870.0	866.2	867.2	855.5	705.1
Gold Mines	519.2	544.8	551.6	555.2	542.4	549.5	461.3
Ord. Div. Yield	4.83	4.85	4.87	4.90	4.89	4.96	4.84
Earnings, Yld.% (full)	11.52	11.58	11.63	11.69	11.68	11.83	9.59
P/E Ratio (net) (*)	10.42	10.37	10.33	10.27	10.28	10.14	13.01
Total bargains (Est.)	19,476	19,334	18,893	16,728	17,625	17,809	21,014
Equity turnover £m.	—	281.79	341.81	293.34	293.58	176.37	203.89
Equity bargains	—	17,912	18,076	15,521	15,433	13,817	16,110
Shares traded (ml)	—	192.0	190.1	157.1	153.4	99.8	137.6

10 am 871.2. 11 am 871.2. Noon 874.0. 1 pm 875.4. 2 pm 875.4. 3 pm 876.4.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.01.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (8/1)	75.72 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5)	80.43 (30/7)	155.4 (28/11/47)	50.03 (31/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 26	Oct. 25
Daily		
Gilt Edged Bargains	121.2	131.1
Equities Bargains	116.1	117.1
Value	590.6	691.1
5-day Average		
Gilt Edged Bargains	129.6	153.7
Equities Bargains	103.1	101.0
Value	568.1	616.6

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 22	Nov 2	Jan 24	Feb 4
Nov 5	Nov 16	Feb 7	Feb 18
Nov 19	Nov 30	Feb 21	Mar 4

For rate indications see end of Share Information Service

Stocks favoured for the call included Energy Capital, Oliver Prospecting, Epicure, DRG, Combined Technologies, Atlantic Resources, SelecTV, Sumrie Clothes, Sterling Guarantee, Boots, Eglinton Oil and Gas, Polly Peck, North Kalgurli and Hampton Trust. Puts were taken out in Dunlop and Atlantic Resources, but no doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	55	4	34
Corpns Dom & Foreign Bonds	27	11	61
Industrials	394	160	869
Financial & Props.	116	63	348
Oils	28	22	71
Plantations	5	5	8
Mines	18	50	72
Others	66	56	76
Totals	708	417	1,530

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Arcolectric A N/V	52xd	+5
British Home Stores	256	+6
BP	473	—
Burton	336	+9
ICI	680	+4
Ladbroke	227	+12
Land Securities	302	+6
Manganese Bronze	59	+3
Rowntree Mackintosh	386	-10
Shell Transport	653	+3
Tomkins (F. H.)	115	+8
Valor	165	+11

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Comm. Union	25	174	-5
[illegible]	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon Oct 29 1984

[illegible]

FIXED INTEREST

[illegible]

AVERAGE GROSS REDEMPTION YIELDS

[illegible]

BRITISH GOVERNMENT INDEX—LINKED STOCKS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (78)

[illegible]

NEW LOWS (37)

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 14,402

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Oct. 29. Total Contracts 3,254. Calls 1,572. Puts 1,682.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105¾	101 1/16	Treas. 15pc 1985	101¼	.....	14.81	10.41
102¾	100	Exch. 12pc Cnv. '85	100 11/32	+ 1/16	11.97	10.17
96 7/16	93 5/16	Treas 3pc 1985	96 5/16xd	+ 1/16	3.12	10.29
102⅝	99¼	Treas 11½pc 1985	100⅝	+ 1/16	11.43	10.44
99½	96 3/16	Treas 8¾pcCnv '85	98 9/16	+ 1/16	8.88	10.51
104 3/16	99⅞	Exch. 12¼pc 1985	101⅝xd	+ 1/16	12.05	10.64
103 13/16	99 1/16	Exch. 11¾pc '86	101 1/16	+ 1/16	11.63	10.77
102 5/16	96 1/16	Treas. 10pcCnv 1986	99 1/16	+ 1/16	10.09	10.70
91 11/16	88¼	Treas 3pc 1986	91⅝xd	+ 1/16	3.27	8.92
102	96¼	Exch. 10½pc Cv '86	99⅝xd	.....	10.54	10.82
104 3/16	99 1/16	Treas 12pc 1986	101 9/16	+ ⅛	11.82	10.88
98¼	93½	Treas 8½pc 1984-86‡‡	96 1/16	+ 1/16	8.81	10.82
108 13/16	102¼	Exch. 14pc 1986	105 1/16	+ 1/16	13.33	11.10
87¼	85	Exch. 2½pc 1986	87 3/16xd	.....	2.87	9.50
107 11/16	100 13/16	Exch. 13¼pc 1987	103 13/16	+ 1/16	12.78	11.26
100⅛	94½	Treas 10¼pcCv '87	98 1/16	+ ⅛	10.45	11.18
86⅛	83½	Exch 2½pc 1987	85⅝	+ ⅛	2.92	9.53
101 3/16	94½	Exch. 10½pc 1987	98½	+ 1/16	10.66	11.21
92 11/16	87	Funding 6½pc '85-87‡‡	90 11/16xd	+ 1/16	7.17	10.86
99⅞	92⅞	Treas. 10pc 1987	96⅞	+ 1/16	10.32	11.39
85	81 7/16	Treas 3pc 1987	83⅛	.....	3.60	10.17
105	97¼	Treas. 12pc 1987	101 11/16xd	+ 1/16	11.80	11.32
94⅞	87 9/16	Treas 7¾pc 1985-88‡‡	91 3/16	+ 1/16	8.50	11.02
100¾	92 5/16	Exch 10½pc '88	97 7/16xd	+ 1/16	10.78	11.42
98 7/16	89 13/16	Treas 9½pc Cv '88	94⅞	– 1/16	10.28	11.54
82	77	Transport 3pc '78-88	78 3/16	+ ⅛	3.84	10.28
96 11/16	88 3/16	Treas. 9½pc '88	93 13/16	+ 1/16	10.14	11.52
106⅜	94 13/16	Treas 11½pc 1989	99 13/16	+ 1/16	11.53	11.52
95 7/16	87 13/16	Treas 9½pc Cnv. '89	93⅞	+ 1/16	10.12	11.29
96⅝	90 1/16	Treas 10½pc 1989	96 5/16	+ 1/16	10.90	11.44
100 3/16	88⅞	Exch.10pc 1989	94⅜	+ 1/16	10.60	11.55
98¼	94¼	Exch 11pc 1989	97¾	+ ⅛	11.25	11.58
85½	77½	Treas 5pc 1986-89	80	+ ⅛	6.25	10.24

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
112¾	100¼	Treas 13pc 1990‡‡	109½	– ⅛	12.30	11.48
110⅞	100⅜	Exch. 12½pc 1990	105	– ⅛	12.05	11.56
93½	84⅞	Treas 8¼pc 1987-90‡‡	92	+ ⅛	9.28	10.93
98 13/16	90⅝	Treas. 10pcCv 1990	94	+ ⅛	10.65	11.44
107	94¼	Treas 11¾pc 1991	104¼	.....	11.67	11.57
84½	75⅝	Funding 5¾pc '87-91‡‡	80⅛	+ ¼	7.22	10.11
105⅝	93⅞	Exch. 11pc 1991	98¼	+ ¼	11.21	11.40
112⅝	98⅞	Treas 12¾pc 1992‡‡	109⅝	.....	12.06	11.53
100⅛	86	Treas 10pc 1992	95¼	+ ¼	10.71	10.34
97½	94 1/16	Treas 10½pc Cv 1992	97⅛	.....	10.97	11.34
111½	95½	Exch. 12¼pc '92	105⅝	.....	11.85	11.56
117½	106¼	Exch 13½pc 1992	111	.....	12.32	11.60
113½	99¼	Treas 12½pc 1993‡‡	109⅛	.....	11.86	11.48
78⅜	71½	Funding 6pc 1993‡‡	76½	+ ⅛	7.95	10.26
121¼	106¼	Treas 13¾pc 1993‡‡	111⅜xd	+ ⅛	12.25	11.54
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
280	145	Falcon Z50c	150xd	+2	Q100c	♦	38.9
17	8	Wankie Col Z$1	9½	+½	—	—	—
21	14	Zam.Cpr.SBD0.24	14½	−½	—	—	—

Australians

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
48	23	♥ACM 50c	48	+6	—	—	—
38	17	♥Allstate Expl'n NL	18		—	—	—
10½	3½	♥Asia Oil & Minerals	4		—	—	—
19½	12	♥Aust. Hydrocarbons NL	17½		♦	—	—
28	14½	♥Austratis Mng NL	15½	+1	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

"Recent Issues" and "Rights" Page 27

AUTHORISED UNIT TRUSTS

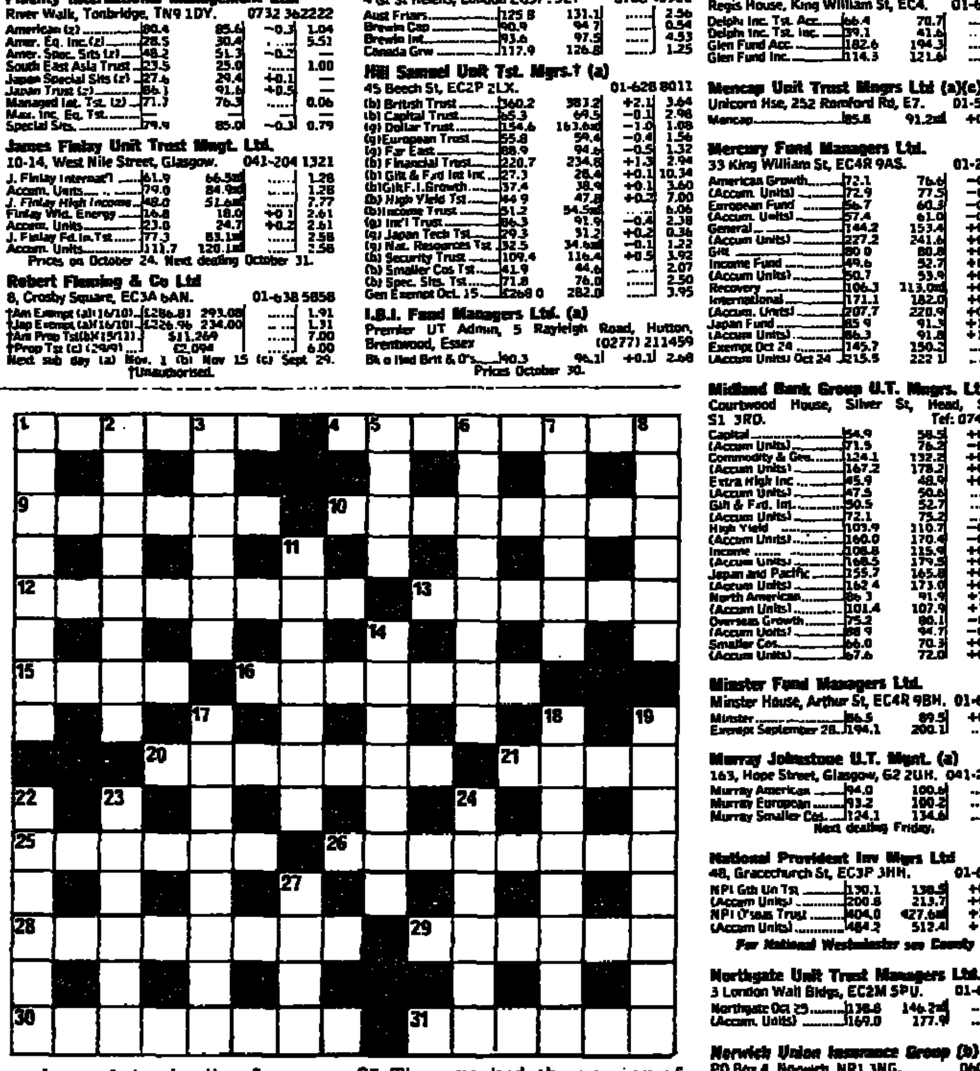
FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

F.T. CROSSWORD PUZZLE No. 5,556



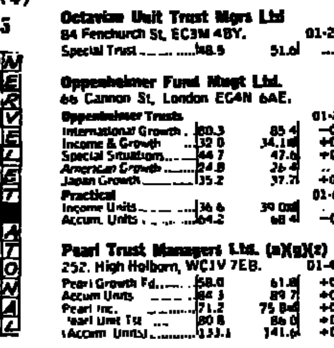
ACROSS

1 He dines out on the fourth of July (6)
4 Paid back though completely in the red (8)
9 Get wise to a doctor breaking a regulation (6)
10 With great insight, the golf club has filled its coaching vacancy (8)
12 It reduces the risk of accidents on flight (8)
13 Repeatedly set about a fly (6)
15 Easy to reach but hard to touch (4)
16 A poor fiddler outside the door (7)
20 He makes nonsense at the end of the pier (7)
21 So backward about turning up for work (4)
25 Well-known bather's shout (6)
26 Sergeant out to part friends (8)
28 Files put in the wrong order with malicious intent (8)
29 Sailor returns with another for rock (6)
30 It shows the way to finish correspondence (8)
31 Frank is able—and proved it (6)

DOWN

1 French authoress describing bedouin dance of stately character (8)
2 Bad comedian becomes frantic (8)
3 Register silent perplexity (6)
5 A noble brew of ale that's *about right* (4)
6 Naughty nun's feat is to unzip (8)
7 Teases the non-male members of the family (6)
8 Artful Dickensian character (6)
11 People in court can catch it (3-4)
14 Brave child backed by his mother (7)
17 Stimulating request of the hitch-hiker (4-2-2)
18 He could be in Madrid and Paris at the same time (8)
19 Tees should be made with sand—agreed ? (8)
22 When to tell all ? (6)
23 Intentionally exasperating ? (6)
24 Last of bookmaker's slips (6)
27 They marked the passing of the horse-drawn vehicle (4)

Solution to Puzzle No. 5,555



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INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Ser A	25.5	26.9	....	—
Blue Chip	20.0	21.1	....	—
Fixed Yield	18.9	19.9	....	—
Guaranteed Mny	15.8	16.7	....	—
Managed	19.1	20.2	....	—
International	25.9	27.3	....	—
Property	15.6	16.5	....	—
Pacific	20.2	21.4	....	—
Equity	14.9	15.7	....	—
Special Sits	22.0	23.2	....	—
Int Currency	13.7	14.5	....	—
Index Linked Secs	11.1	11.7	....	—
American	20.3	21.4	....	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.50	15.02	....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Oct 5	£2.87477		....	—
Multi Gwth 'A' Oct 5	262.2	276.1	....	—
Op 8 Prop Oct 25	262.2	276.1	....	—
Op 8 Equity Oct 29	378.5	345.8	+0.3	—
Op Hy Oct 25	265.8	279.8	....	—
Op 8 Man Oct 25	322.6	339.6	....	—
Op 8 Dep Oct 29	197.8	208.2	+0.1	11.78
Op 8 Bond Oct 25	180.7	190.3	....	—
Op 8 Inc Dist Oct 25	134.3	141.5	....	8.98
Op 8 Int Man Oct 25	195.2	205.5	....	—
Op 8 US$ Oct 25	150.4	158.4	....	12.12
Pens B Pr Ac Oct 15	332.8	350.4	....	—
Pens B Eq Ac Oct 15	920.5	969.0	....	—
Pens B FI Ac Oct 15	385.2	405.6	....	—
Pens B Md Ac Oct 15	565.6	595.4	....	—
Pens B Dp Acc Oct 15	311.3	327.7	....	—
Pens&Gart Glob Oct 15	102.3	107.7	....	—
Pens B Gart NA Oct 15	102.2	107.6	....	—
Pens&Gart Pac Oct 15	103.7	109.2	....	—

For Pensions Capital Units please ring extension 319.

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	184.5	194.1	+0.3	—
UK Equity	196.5	206.9	+0.6	—
Overseas Eq.	192.6	202.8	+0.6	—
American	193.8	204.0	+0.7	—
Far East	181.3	190.9	+0.5	—
Property	110.6	116.5	....	—
Fixed Int.	158.2	166.6	+0.4	—
Indexed Gilt	103.5	109.0	....	—
Deposit	112.5	118.5	+0.1	—
Pension Fund Prices				
Man. Initial	182.8	192.5	....	—
Man Acc.	202.0	212.7	+0.1	—
UK Eq. Initial	180.8	190.4	+0.1	—
UK Eq.	197.0	207.4	+0.1	—
Overseas Eq. Initial	211.5	222.7	+0.8	—
Overseas Eq.	241.6	254.4	+1.1	—
Americas Initial	209.2	227.0	+2.5	—
Americas	229.0	241.1	+1.0	—
Far East Initial	227.1	239.1	+0.5	—
Far East	249.1	262.3	+0.7	—
Prop. Initial	105.4	111.0	....	—
Prop.	115.3	121.4	....	—
Fixed Int. Initial	142.2	149.7	+0.1	—
Fixed Int.	155.0	163.2	+0.1	—
Indexed Gilt Initial	98.9	104.2	−0.1	—
Indexed Gilt	108.5	114.1	....	—
Deposit Initial	111.2	117.1	+0.1	—
Deposit	122.1	128.6	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	498.9	511.7	....	—

Prices Sept 28. Next dealing October 1.

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	347.0	357.5	....	—
UK Equity	148.6	156.4	−0.1	—
American	251.5	264.7	−1.3	—
Pacific	373.3	393.0	−1.5	—
Property	151.6	159.6	....	—
Gilt	174.1	183.3	....	—
High Inc. Equity	142.4	149.9	−0.2	—
High Inc. Fxd. Int.	102.7	108.1	....	—
Deposit	148.2	15.0	....	—
Index-Linked Gilt	103.5	109.0	−0.1	—

World Wide Group Management
10a, Boulevard Royal, Luxembourg

W'wdGrFd	$11.57	—	−0.07	—

Inv. Adv.: M.&G. Inv. Mngt. Ltd., London

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com Fd	12.8	13.3	....	3.10
Chinese Fd	59.9	62.4	....	1.70
PrecMetlFd	122.6	127.7	....	8.30
VanaCmdyFd	25.9	26.6	....	2.26
FinFuturesFd	32.1	33.4	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg

DynmcGwF	$9.60	—	−0.12	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 36 Berkeley Sq, W1X 5DA. 01-499 6834				
M'hall Mny Fd	9.25	9.59	Qtr	Call
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.52	10.86	6-mth	Call
7-day Fund	10.43	10.77	6-mth	7-day
Oppenheimer Money Management Ltd 66 Canon St, EC4N 6AE. 01-236 1425				
Call Fd	10.38	10.64	6-mth	Call
7-day-Fd	10.00	10.25	6-mth	7-day
MnyMgAc	10.12	10.52	3-mth	Call
Dollar	8.50	8.68	6-mth	2-day

Money Market Bank Accounts

Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.375	10.78	Qtr	Call
MnthylncChAc	10.25	10.74	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	10.10	10.58	Mth	Call
Barclays Prime Account PO Box 125, Northampton. 0604 252891				
High Int Chq	10.25	10.65	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circ, EC2M 5QL. 01 588 2777				

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

Aluminium upsurge in London loses momentum

BY RICHARD MOONEY

LAST WEEK'S dramatic upsurge in London Metal Exchange aluminium prices ran out of steam yesterday after news of a big rise in LME warehouse stocks last week sparked off widespread profit-taking.

Prices moved higher initially, encouraged by sterling's easier opening tone, but the trend was reversed when the stocks rise—3,500 tonnes to 143,500—was announced. The cash quotation, which last week gained £77, ended the day £16 down at £920.50 a tonne.

Dealers said the market was nervous after the sharp rise, which was encouraged by Japanese buying and producer output cuts. Some indication of a change of sentiment in the overstocked physical sector was still awaited, they said.

The International Primary Aluminium Institute's September stock figures, due out on November 12, should give an indication of how much impact recent production cuts were having on stock levels.

News of another U.S. production cut yesterday helped to lift the market a few pounds from lows reached in the morning, dealers said. Reynolds Metals said it was temporarily closing a 25,000-tonne a year potline at its Jones Mills, Arkansas, plant.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes in week ending Oct. 27)

Aluminium	+3,500	to 143,500
Copper	−425	to 163,950
Lead	−325	to 42,700
Nickel	−186	to 11,658
Tin	−1,140	to 23,490
Zinc	−1,025	to 35,725
	(tonnes)	
Silver	−2.19m	to 52.28m
	(troy ounces)	

U.S. farm options arrive amid hopes

BY NANCY DUNNE, RECENTLY IN CHICAGO

THE AUGUST exterior of the Chicago Board of Trade looks like a badly wrapped gift package. Long, ribbon-like banners proclaim the long-awaited coming of agriculture options.

The hype is on, too, at five other futures exchanges, which expect to introduce farm options today, ending a 50-year ban on such trading.

All have high hopes that agricultural options will lift the grains markets from the doldrums, brought on by high world surpluses.

Soyabean options on the board, scheduled to start trading tomorrow, start out with the natural advantage of being based on the highest volume agricultural contract of the year.

Between January and September 9.4m soyabean contracts changed hands, though by last month the contract's strength had begun to wane and volume was down to 501,000.

The Chicago Mercantile Exchange will launch cattle futures today in another sliding futures market. In the first nine months of the year volume in the Merc's live-cattle contract plummeted from 3.3m contracts last year to 2.7m in this.

Also to start trading in agricultural options today are New York Cotton Exchange, with cotton options, Midamerica Commodity Exchange, with soft winter wheat options, Minneapolis Grain exchange, with a hard spring wheat contract, and Kansas City Board of Trade, with a hard red winter wheat contract.

It is the industry's great hope that farm options will attract new hedgers among farmers and livestock producers who cannot afford the risks inherent in futures. Many young, college-educated farmers have indicated they will try the new contracts.

Questions, however, are voiced by some analysts on the chances for agriculture options when their underlying futures contracts lack volatility. Some express concern, particularly about the long-run future for *cattle options.*

A Merc official said the livestock industry had become a processing industry much like the poultry business. Cattle is increasingly raised on massive feed lots near Kansas City and Denver where it is bred, fed and slaughtered on a continuous production line process.

The huge operations remove much of the uncertainty which has characterised beef production. In 10 years or less, cattle futures could conceivably be as dead as the egg contracts of the past decade, the official said.

While grain production is less certain, the world surplus is not. There is price movement in grains but nothing to excite widespread speculation, which provides market liquidity.

Still, the exchanges express confidence on the outlook for the new hedging tool. The Chicago board is expecting to introduce maize options next year and the Merc expects to weigh in with a live-hog contract in the first quarter of 1985. *The MidAm* has requested Commodities Futures Trading Commission approval for trading in soyabean options.

Controls on premium milk prices to end

THE GOVERNMENT is to scrap its price controls on premium milks from next week, Mr Michael Jopling, Agriculture Minister, announced in a Commons written reply yesterday.

The move, which affects Channel Islands, South Devon sterilised, ultra-heat treated and homogenised milk, is a prelude to likely deregulation of *pasteurised-milk prices* at the end of this year.

● COCOA consuming countries have proposed a price range of 30 or 40 cents around a *mid-point of 100 cents per pound*, at negotiations in Geneva for a new International Cocoa Agreement to start next October. Producers responded by suggesting the pact should try to defend a 110 to 160 cents per pound range.

● THE EEC expects its wheat exports to rise from 15.7m to 18.2m tonnes in 1984-85, up 11 *per cent to 28 per cent* from 1983-84. European Commission forecasts issued in a French Cereals Intervention Board (ONIC) report show.

This would be well above the Community's self-imposed export limit last season of 14 *per cent of the world market,* when it exported 14.2m tonnes of wheat.

● JAPAN'S RICE output in the marketing year ending October 31 next year was estimated at 11.84m tonnes against an estimated 10.37m in 1983-84, *by the Agriculture Ministry in* Tokyo. That would be the largest harvest since the 12.59m tonnes in 1978-79.

● U.S. ROASTINGS of green coffee in the week ended October 20 were about 350,000 60-kg bags, including soluble production, compared with 365,000 bags in the corresponding week of last year, George Gordon Paton said.

Ylang-ylang faces bleak future

Michael Griffen on a crisis in the perfume industry

THE PERFUME industry deals with a remarkable array of small producers scattered at ideal altitudes and in idyllic climates across the world. For this reason the international trade in the raw materials of perfumery has remained conveniently arcane.

The great perfume-houses are understandably secretive about the value of the ingredients they use. Increased counter prices are unlikely to reflect a shortfall in the lemon-grass crop or the rising price of *mutton in Ethiopia, still the* largest supplier of civet.

While buyers of coffee or tea long ago accepted that a part of the price was set aside for upkeep and was thus an investment in the continuing high output and quality of future crops, the idea has not percolated down to the perfume-houses.

With prices stagnant for nearly a decade and the strong dollar leaching out the benefits for the producers, the future is looking bleak for ylang-ylang, a high-grade, sweet-smelling essence, which provides the top notes in Revlon's Charlie and Chanel's classic Number 5 preparations.

Ylang-ylang, or Cananga Odoratum, thrives in a moist, tropical climate in rich volcanic *soils close to the coast.* It was introduced to European perfumers in 1864.

The Philippine Islands held a virtual monopoly on the trade until 1900 when the centre of the industry shifted to the Indian Ocean islands of Reunion, Comoros and Madagascar.

Reminiscent of jasmine, ylang-ylang constitutes almost a perfume in itself—ethereal, flowery, fruity—but blends well with bergamot, lilac and lily of the valley.

The pruned trees yield 20 kg *to 30 kg throughout the year* but the main harvest takes place between April and June, when women and children collect the limp, yellow sprays before the sun is high. It takes a day to pick 15 kg.

Then follows a meticulous distillation over steam or water. "Extra," the first fraction to pass, contains the most aromatic and valuable constituents. *It is* extracted after 1½ hours. Another three grades are then distilled over the next 12 hours.

The Comoros Islands produce almost 80 per cent of the world's annual requirement. In 1960 there were 1.1m trees in the three islands of the republic. Smallholders, with their own backyard distilleries, yield 60 per cent of the national output, which slumped between 1979-81 to 55 tonnes but which has recovered.

Last year France, the major buyer, imported 74 tonnes from the Comoros and world demand *is estimated* at 120 tonnes. Nearby Mayotte, still under French rule, produces a further 20 tonnes to 22 tonnes a year, all of which goes to France.

Wholesale prices have stagnated over the past decade, moving between FFr 400 and FFr 450 (£35 to £40) a kilo of "Extra." Importers, such as Franghian of Paris, say current prices neither justify the outlay for producers nor encourage governments to reinvest in plantations or new distillation methods.

"Though prices are modest it is an essence of a very high quality and indispensable to the perfume industry," said a buyer at Franghian.

"I think the future is good but only if the users accept paying more. We should be selling 'Extra' for FFr 600 to FFr 650. Production will drop until prices begin to rise."

Growers in the Comoros Islands are far less confident. The republic has the highest population density in the world with more than 200 people trying to eke a living from every square kilometer. Nearly half the islands' foodstuffs are imported. Few jobs are available and wages are low.

Low returns for the smallholder have also led to a decline in quality. Damaged flowers, which cause the sound material to ferment in the basket, and green ones, which contain less oil, are indiscriminately mixed together to make up weight.

In Mayotte, where French labour laws guarantee higher minimum salaries, Société Bambao, the largest grower in the Indian Ocean, has been forced to abandon a 400-hectare estate *due to high picking costs.*

Fuel costs, too, have become prohibitive and forest cover on the islands of Grand Comoros and Anjouan has been seriously depleted.

Ylang-ylang shares many of the problems of other labour-intensive cash-crops, with the difference that the value of the trade, $3m to $3.5m (£2.5m to £2.9m) annually, is only the equivalent of a publicity budget for a major perfume.

Added to that, the Comoros, *Mayotte and Madagascar* are politically divided and unlikely to bring any concerted pressure to bear on the great perfume-houses.

Yet, in spite of the incursions of synthetics at the bottom end of the market the perfume industry will continue to need supplies of high-quality essence for many years to come.

Unless perfumers make a serious effort to acknowledge the current crisis among growers and resolve it, that supply could prove to be more and more haphazard.

Revamped meat commission proposed

By Andrew Gowers

CHANGES IN the way British meat is promoted and a shake-up in the Meat and Livestock Commission were proposed in an independent report issued yesterday.

The report was prepared for the commission by a team of three senior figures from the food industry. It suggested a radical change in funding of meat promotion, involving adoption of a *split levy.*

It also recommended that the commission's Meat Promotion Executive committee and advisory panel cease to exist in its present form. Instead, marketing and promotion should be handled by a small, *integrated staff team.*

Under the proposed funding system, the existing levy — equally shared between livestock producers and the meat trade—would continue to fund the commission's traditional work and a general campaign to promote meat's image. A separate levy, however, would be payable by producers to fund promotions of specific products.

The proposed change reflects continuing rivalry among producers of different meats who have traditionally resented *paying a general levy* to fund promotion campaigns by competitors.

If the recommendations are accepted the revamped commission will lay more emphasis on marketing.

The report proposes establishment of a new marketing department and urges spending more money on research, nutritional advice and consumer education.

Initial reaction from the National Farmers Union was cool. Mr Sidney Fawcett, its vice-president, said a great deal of clarification was needed.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 29 1984	+ or −	Month ago
Metals			
Aluminium	£1100	......	£1100
Free Mkt	$1170/1210	+25	$1080/110
Copper			
Cash h Grade	£1074	−3	£1058.25
3 mths	£1099.75	−1.5	£1058.25
Cash Cathode	£1084.5	+3.5	£1054
3 mths	£1104	+3	£1054
Gold troy oz	$335.75	−2	$345.75
Lead Cash	£341.5	−4	£336.5
3 mths	£349.25	−4	£337.75
Nickel	£5868	......	£5333
Free Mkt	217/237c	......	212/232c
Palladium oz	$139.25	−0.50	$139.25
Platinum oz	$319.25	−1.75	$325.25
Quick Silver†	$305/315	......	$302/310
Silver troy oz	595.85p	+1.35	603.25p
3 mths	610.85p	+5.40	618.35p
Tin cash	£9805	+45	£9445
3 mths	£9792.5	+44.5	£9385
Tungsten	$85.16	......	$85.27
Wolfram22 04lb	$83/86	......	$84.87
Zinc	£638.5	+1	£602
3 mths	£636.75	−0.75	£612.75
Producers	$900	......	$940

	Oct. 29 1984	+ or −	Month ago
Oils			
Coconut (Phil)	$1090w	+50	$1320
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$605z	−75	‡
Seeds			
Copra Phil	$680w	......	$735
Soyabean (U.S.)	$262	−1.5	$244
Grains			
Barley Fut. Jan.	£110.65	......	£110.25
Maize	‡		‡
Wheat Fut. Jan.	£110.90	+0.10	£109.55
No2 Hard Wint.	‡	......	‡
Other commodities			
Cocoa ship't*	£2019.5	+5	£1916
Futures Dec.	£1939.5	−12	£1850.5
Coffee Ft. Jan.	£2345.5	+15	£2244
Cotton A index	74.80c	−0.35	73.00c
Gas Oil Nov.	$230.25	−3.5	$249.25
Rubber (kilo)	60p	......	61p
Sugar (raw)	$121yz	+2	$114
Woolt'ps 64s	465p kilo	......	470pkl

‡ Unquoted. x Nov. z Dec. w Nov-Dec. v Sept-Oct. y Oct.-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.90-28.20	−0.12
Dubai Fateh	27.10-27.50	—
Arab Heavy	26.40-26.70	+0.08
North Sea (Forties)	27.80	+0.10
North Sea (Brent)	27.80-27.95	−0.20
African (BonnyLi'ht)	28.10	+0.23
Urals	26.00-26.25	+0.17
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	251-255	−0.5
Gas Oil	232-236	−2
Heavy fuel oil	181-184	−0.5

GAS OIL FUTURES

Prices drifted lower through the morning dropping quickly to the lows in early afternoon as selling came into a very thin market. Profit-taking *fuelled a bounce back and supported* the market for the rest of the day, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Oct	227.00	−1.75	229.25-29.25
Nov.	230.25	−3.50	233.50-27.75
Dec.	233.25	−3.75	236.00-30.50
Jan	233.50	−3.00	238.50-31.00
Feb	232.00	−2.50	234.50-30.00
March	230.00	—	230.00-30.00
April	224.75	−1.25	227.00-20.00

Turnover: 2,000 (2,152) lots of 100 tonnes.

GOLD MARKETS

Gold fell $2 to $335½-336 on the London bullion market. It opened at *$336-336¼* and was fixed at $335.80 in the morning and $336.25 in the afternoon. The metal touched a low of $334½-335 and a peak of $336¼-$336¾.

In Paris the 12½ kilo gold bar was fixed at FFr 101,500 per kilo ($335.98 per ounce) in the afternoon, compared with FFr 101,500 ($336.27) in the morning, and FFr 101,450 ($338.74) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed *at DM 33,190* per kilo ($336.81 per ounce), against DM 33,030 ($339.01), and closed *at $336½-337* compared with $338-$338½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $336.15 per ounce, against $338.25.

In Zurich gold finished at $336-336½ compared with $337½-$338.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Nov.	—	—	—
Dec	383.00-38.20	—	338.20-38.00
Feb.	—	—	—
April	—	—	—
June	—	—	—
Aug	—	—	—

	Oct. 29		Oct. 26	
Gold Bullion (fine ounce)				
Close	$335½-336	(£277¼-277¾)	$337½-338	(£276½-277)
Opening	$336-336½	(£277-277½)	$338-338½	(£277¼-277¾)
Morning fixing	$335.80	(£277.063)	$338.15	(£276.718)
Afternoon fixing	$336.25	(£277.961)	$337.60	(£276.381)

Gold and Platinum Coins Oct. 29

Krugrnd	$345¾-346¾	(£285¾-286¼)	King Sov	$80-81½	(£66¼-67¼)
½ Krug.	$178½-179¼	(£147½-148¼)	Victoria Sov	$80-81½	(£66¼-67¼)
¼ Krug.	$91-91¾	(£75¼-75¾)	French 20s	$64½-66	(£53¼-54½)
1/10 Krug.	$37¼-38	(£30¾-31½)	50 Pesos Mex	$417½-419	(£345½-346½)
Mapleleaf	$346¾-346½	(£285¾-286¼)	100 Cor. Aust	$326-330	(£269½-272¾)
New Sov.	$79-79½	(£65¼-65¾)	$20 Eagles	$515-535	(£425¾-442¼)
½ New Sov.	$48-49¼	(£39¾-40¾)	Noble (Plat.)	$328.30-332.50	(£271.30-274.40)

EUROPEAN MARKETS

ROTTERDAM, October 29.

Wheat—(U.S. $ per tonne) U.S. No. 2 *Soft Red Winter: Dec* 163.25, Jan 264.50, Feb 165.25, March 166. U.S. No. 2 Yellow, Gulfports: Oct 256, Nov 253, Oct 253, Jan 255.40, Feb 258.60, *March* 261.20, April 263.10, May 266, June 268.60, sellers.

BRITISH COMMODITY PRICES

BASE METALS

RELATIVELY SUBDUED conditions prevailed on the London Metal Exchange. *Aluminium remained volatile, albeit in* a much reduced turnover: having touched £968 in the pre-market, three-*month metal dipped to £943 following* the warehouse stocks rise before closing at £951.5. The firmer dollar coupled with a larger-than-expected drop in LME stocks stimulated support buying of Tin which finished at £9,795. Zinc traded within narrow limits, closing at *£637, while Copper also went slightly* easier in a quiet business to close at £1,099.5. Lead finished at £348 and Nickel at £4,025.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,074, 73, three months £1,096, 97, 97.5, 98, 98.5, 99. Cathodes: Cash £1,081, three months £1,101. Kerb: Higher Grade: Three months £1,098.5, 99, 98.5, 98. Afternoon: *Higher Grade: Three months* £1,100, 1, 1,100.5, 1,100, 1,099.5. Kerb: Three months £1,099, 98.5, 98, 98.5, 99, 99.5. Turnover: 21,725 tonnes. U.S. Producers: 62.00-66.00 cents per pound.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1073-5	+4.75	1073.5-4.5	−3
3 months	1098.5-9	+6	1099-.5	−1.5
Settlem't	1073.5	+4.5	—	—
Cathodes				
Cash	1081-2	+8	1083-5	+5.5
3 months	1101-2	+8.75	1103-5	+5
Settlem't	1082	+9	—	—

TIN

Tin—Morning: Standard: Cash £9,810, *three months* £9,790, 95, £9,800, 10, 5, 9,800, 9,797. High Grade: Three months £9,830, 40, 35. Kerb: Three months £9,790, 85. Afternoon: Standard: Three months £9,790, 95. Kerb: Three months £9,790, 95. Turnover: 1,905 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	9810-20	+68	9835-45	+52.5
3 months	9835-40	+82.5	9835-50	+52
Settlem't	9820	+60	—	—
Standard				
Cash	9800-10	+65	9800-10	+45
3 months	9795-7	+70.5	9790-5	+44.5
Settlem't	9810	+65	—	—
Straits E.	$29.15	......	—	—

LEAD

Lead—Morning: Three months £351, 52, 51, 50.5. Kerb: Three months £351. Afternoon: Three months £350, 50.5, 50, 49. *Kerb: Three months £348,* 47, 46, 45, 46, 45.5, 46, 47, 48, 48.5, 49, 48.5, 48, 47.5. Turnover: 12,200 tonnes. U.S. Spot: 22.00-26.00 cents per pound.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	342-.5	−5.5	341-2	−4
3 months	350.5-.1	−4.12	349-.5	−4
Settlem't	342.5	−5.5	—	—

ZINC

Zinc—High Grade *official/unofficial* prices: Cash am 690-700, pm 680-90. Three months am 689-93, pm 680-90; settlement 700.

Zinc—Morning: Three months £637, 38, 37.5, 37, 37.5. Kerb: Three months £636, 37. Afternoon: Cash £638, three *months £637. Kerb: Three months* £636, 35.5, 36, 37. Turnover: 8,600 tonnes. U.S. Prime Western: 45.00-45.75 cents per pound.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	638-.5	+1.75	638-9	+1
3 months	637-8	+1	636.5-7	−.75
Settlem't	638.5	+1.5	—	—

ALUMINIUM

Aluminium—Morning: Three months £945, 44, 43, 41, 42, 43, 44, 45, 46, 45.5, 47, 48, 49, 47, 46, 47, 48, 47, 46.5, 46, 45.5. Kerb: Three months £946.5, 46, 45, 46, 47. Afternoon: Three months £952, 52.5, 53, 53.5, 53, 52.5, 52, 51, 50, 49, 48, 47. Kerb: Three months £946, 45, 44, 43, 44, 43.5, 44, 45, 46, 47, 48, 49, 50, 51. Turnover: 17,950 tonnes.

Nickel—Morning: Three months £4,020, 28, 30, 35, 39. Afternoon: Three months £4,028, 25. Turnover: 1,098 tonnes.

SILVER

Silver was fixed 1.35p an ounce higher for spot delivery in the London bullion market yesterday at 595.85p. U.S. cent equivalents of the fixing *levels were: spot* 720.5c, down 5.7c; three-month 738.2c, down 5.1c; six-month 757.8c, down 4.5c; and 12-month 799.6c, down 4.6c. The metal opened at 593½-596½p (720-723c) and closed at 594-597p (718-722c).

SILVER per troy	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	595.85p	+1.35	594.5p	−5
3 months	610.85p	+1.35	610.5p	−4
6 months	626.05p	+2.55	—	......
12months	657.55p	+2.55	—	......

LME—(2,000 oz contract): Cash 594.5p (599.5p); *three months* 610.5p (614.5p). Turnover: 0 (same).

Turnover: 7 (36) lots of 10,000 ozs. Morning: Large 2nd ring three months 612.5. Kerb: Large three months 612. Afternoon: Untraded.

COCOA

Trading over a £27.00 range futures ended the day a little easier on the near position and unchanged on the forwards. Physical activity was confined to spot and nearby trading with some industry and secondhand interest apparent, however producers continue withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Oct	1899-2250	—	—
Dec	1959-1940	−12.0	1965-1936
March	1980-1921	+3.5	1929-1912
May	1923-1926	+4.5	1933-1922
July	1926-1930	+0.5	1958-1926
Sept	1915-1937	−5.0	1935
Dec	1898-1910	+4.0	1909-1900
Mar	1860-1940	+10.5	1900

Sales: 1,923 (3,871) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for Oct 29: 103.56 (104.60); five-day average for Oct 30: 103.73 (103.56).

COFFEE

In quiet conditions robusta advanced from an unchanged opening to gains of £14.00-18.00 in light volume, reports Drexhal, Burnham and Lambert. Prices eased slightly as NY failed to respond to a steady London market but commission house buying at the close *restored volumes to the higher levels.*

COFFEE	Yesterd'ys Close	+ or −	Business Done
Nov	2522-25	+9.5	2530-15
January	2345-46	+15.0	2347-35
March	2250-53	+14.0	2253-40
May	2224-25	+15.5	2236-17
July	2220-25	+16.5	2220-17
Sept	2215-15	+8.0	2216-10
Nov	2210-20	+13.5	—

Sales: 1,414 (1,697) lot of 5 tonnes. *ICO indicator prices (U.S. cents per* pound) for October 26: Comp. daily 1979 138.43 (136.51): 15-day average 136.07 (136.03).

GRAINS

LONDON GRAINS—All sterling per tonne cif UK sellers unless stated. Wheat: U.S. Dark Northern Spring No. 1, 15 per cent, Nov 158.30, Dec 159.50, Jan 165.75 transhipment East Coast. English feed fob Spot 106.50, Nov 109, Dec 110.50, Jan/March 115. Barley: English feed fob Oct 109, paid Scotland Nov 110.50, Dec 111.50, Jan/March 116. Rest unquoted.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterd'ys close	+ or −
Nov	107.05	+0.35	106.85	+0.10
Jan	110.90	+0.10	110.65	—
Mar	114.25	—	113.65	—
May	117.85	+0.10	116.35	−0.15
July	119.40	+0.15	—	—
Sept	98.90	+0.10	97.90	−0.05

Business done—Wheat: Nov 107.10-6.85, Jan 111.10-0.80, *Mar* 114.50-4.30, May 118.05-7.90, Sept 99.00 only. Sales: 94 lots of 100 tonnes. Barley: Nov

PIGMEAT

Physical prices rose slightly on Friday but despite this futures prices came under pressure because of stale long liquidation. Volume remained limited, reports CCST Commodities.

Month	Yesterdays' close	Previous close	Business done
	p. per kilo (deadweight)		
Nov	122.50	123.50	123.50-22.4
Feb	118.60	118.80	119.00-18.6
April	117.40	117.90	117.40-17.4
June	115.00	115.40	—
Aug	113.00	113.20	—
Oct	116.60	116.80	—

Sales: 91 (51) *lots of 50 carcases* 3,250 kg.

POTATOES

Prices continued to fall, breaking £60.00 support level on April during morning and again recording new contract lows on all positions at the close, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Nov	40.30	42.80	41.50-40.50
Feb	46.70	48.60	47.00-47.00
April	58.70	61.10	60.50-58.50
May	61.00	64.00	62.50-61.00
Nov	68.60	69.50	—

Sales: 640 (558) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market *opened slightly steadier, attracted* little interest throughout the day and closed on a quiet note, reports Lewis ad Peat. Closing prices (buyers) spot 60.00p (same). Dec 73.50 (73.00p). Jan 74.25p (73.50p). The Kuala Lumpur Nov fob price for RSS No 1 was 201.5 *(201.0) cents a kg and fos SMR 20* was 186.5 (186.0).

FUTURES—Close (buyer, seller, business). RSS No 1 £ per tonne. Nov 590, 610, 600; Dec 600, 620, nil; Jan 610, 630, nil; Feb 620, 640, nil; March 630, 650, nil; April 640, 660, *nil; May 650, 670, nil; June 660, 680,* nil; July 670, 690, nil; Jan/March 620, 645, 620; April/June 655, 675, 655; July/Sept. 685, 705, nil. Sales: 14 (—) lots of 15 tonnes. 2 (—) lots of 5 tonnes.

SOYABEAN MEAL

The London market opened unchanged to 50p down in lack lustre *trading conditions, reports* T. G. Roddick. During the afternoon session shipper selling pressure saw the market ease further to close £1.00-£1.50 lower.

	Yestday's close	+ or −	Business Done
	£ per tonne		
Dec.	141.50-41.80	−1.05	142.20-41.50
Feb	144.50-46.00	−1.10	145.10-44.80
Apr	146.30-46.80	−0.55	146.80-46.50
June	146.70-47.20	−0.85	—
August	149.60-50.10	−0.80	—
October	151.40-55.00	−1.20	—
Dec	152.00-55.00	−1.50	—

Sales: 80 (57) lots of 20 tonnes, 42 *(325) lots of 100 tonnes.*

SUGAR

LONDON DAILY SUGAR—Raw sugar $121.00 (£100.00), up $2.00 (up £2.50), a tonne for Oct-Nov-Dec delivery. White sugar $167.00, unchanged.

Prices were initially steady but later gave way under the influence of persistent long liquidation and losses of some $4.00 were recorded before prices lifted somewhat on the close, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec	135.00-35.60	137.20-38.40	138.40-36.20
Mar	151.80-51.80	153.80-54.00	156.00-51.00
May	158.60-56.80	160.60-60.80	162.00-58.20
Aug	167.60-68.00	169.40-69.80	170.40-67.60
Oct	175.40-75.80	177.40-77.60	178.00-75.10
Dec	182.00-84.00	185.00-85.00	—
Mar	187.60-99.00	189.48-00.60	—

Sales: No 6 1,173 (962) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £204.00 (£203.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for October 26: Daily price 4.58 (4.47); 15-day average 4.73 (4.72).

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec. 570.0, 571.0, 570.0-570.0; March 583.0, 584.0, 583.5-583.5; *May 588.0, 590.0, nil; July* 594.0, 600.0, nil; Oct. 575.0, 592.0, nil; Dec. 584.0, 596.0, nil; March 594.0, 600.0, nil; May 596.0, 608.0, nil. Sales: 13.

TEA AUCTION

LONDON TEA AUCTION—29,904 packages on offer in this week's sale including 1,600 packages in the offshore section. Assams met with less competition than of late and prices were generally 5-15p easier. Bangladesh *teas were a weak feature and lost* 15-20p. Selected bright East Africans sold around valuation but mediums closed 5-15p down. Central African CTC's came in for limited inquiry and often shed 20p or more, while orthodox teas from Mozambique were *again somewhat neglected. Offshore* teas were easier and sometimes difficult of sale. Quotations: Quality 335p a kg (340p), medium 300p a kg (315p), low medium to 60p a kg (80p).

MEAT/FISH

SMITHFIELD MEAT—Pence per *pound. Beef: Scotch killed sides* 77.0 to 83.0; English hindquarters 91.0 to 96.0, forequarters 55.5 to 58.5. Veal: Dutch hinds and ends 125.0 to 130.0. Lamb: English small 72.0 to 76.0, medium 70.0 to 74.0, heavy 68.0 to 70.0; Scotch medium 68.0 to 71.0, heavy *66.5 to 69.0; Imported: New Zealand PL* 67.0 to 68.0, PX 62.5 to 63.6. Pork: English under 100 lb 57.5 to 64.5, 100-120 lb 53.0 to 64.0, 120-160 lb 50.5 to 58.0.

MEAT COMMISSION—Average fatstock prices at representative markets: GB Cattle 95.10p per kg lw (−0.49); GB Sheep 168.57p per kg est dcw (+12.81); GB Pigs 90.09p per kg lw (+1.01).

COVENT GARDEN—London: Prices for bulk of produce, in sterling per package unless otherwise stated. *English Produce: Apples—Per pound,* Cox's 0.12-0.22, Bramley 0.10-0.12, Russets 0.15-0.20, Spartan 0.12-0.18, Laxton's Superb 0.12-0.15. Pears—per pound, Conference 0.10-0.20, Comice 0.15-0.20, Beurre Hardy 0.90-0.11. Raspberries—½ lb 0.90-1.00. *Strawberries—½ lb* 0.50-0.70. *Potatoes—Per* bag 56 lb, Whites 2.00-2.40, King Edwards 2.80-3.00; Bakers 4.50-5.00. Mushrooms—Per pound, open 0.60-0.70, closed 0.70-0.80. Lettuce—Per tray, round 1.70-1.80, Cos dozen 1.80-2.00, Webb's 2.10-2.20, Iceberg 12's 6.00-6.50, 15's 5.50. Carrots—28 lb 1.00-1.60. Greens—Primo 1.20-1.40, crates, green 2.50-2.80, Jan King 1.40-1.50. Tomatoes—Tray 12 lb 1.80-2.00. Cucumbers—Tray 2.60-3.20. Cauliflowers—Dozen, Lincs 3.20-3.50, Kent 3.50-4.00. Spring Onions—Bunch 0.09-0.10. Radishes—Bunched 0.12-0.14. Celery—Pre-pack 3.00-3.30, loose 1.80-2.20. Watercress—Ice Pack 20's 3.40-3.50. *Salad—Crispa* 16's 1.00-1.10. Beetroot—Bags 28 lb 1.50-1.60. Onions—55 lb bag 2.60-3.00. Capsicums—Per pound 0.35-0.40. Sprouts—*Per pound*

INDICES

FINANCIAL TIMES

Oct. 26	Oct. 25	M'th ago	Year ago
294.36	293.58	288.95	284.89

(Base: July 1 1952 = 100)

REUTERS

Oct. 26	Oct. 25	M'th ago	Year ago
1898.1	1902.9	1871.6	1880.5

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Oct. 26	Oct. 25	Month ago	Year ago
Spot	—	125.34	125.34	136.46
Fut	127.55	127.23	128.35	141.30

(Base: December 31 1974 = 100)

MOODY'S

Oct. 26	Oct. 25	M'th ago	Year ago
962.6	963.4	973.6	1026.6

(Base: December 31 1931 = 100)

AMERICAN MARKETS

NEW YORK, October 29.

PRECIOUS METALS weakened with the currencies and after repeated *efforts to rally finished moderately lower.* Copper prices were sharply lower as arbitrage selling became the dominant feature leading *to some profit taking.* Recent heavy buying by Japan and China in aluminium appeared to be at least partially halted. This touched-off profit taking and commission house long liquidation. Indications of improving weather led to heavy selling in the *cotton market. Trade attention focused* on quality deterioration rather than an outright loss in yield. Sugar traded moderately *lower on dealer selling and* a lack of fresh speculative interest at the lower levels. Cocoa came under pressure on reports of resumption of shipping from West Africa thus alleviating fears of spot shortages in London. Coffee was set back on light selling related to the opening of December *export registration by Brazil on a* general lack of interest by roasters in adding to their inventories. Heating oil continued its recent decline as Nigeria took a hard stand at the OPEC meeting, declining to lower their output or to rescind their price cut. Soyabeans and grains came under steady pressure as weekend moisture was less than anticipated. Commercial and professional *selling put a lot of pressure on corn,*

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	5150	5150	5080	5200
Jan	5200	5135	5135	5250
March	5300	5320	5250	5350
May	5405	5355	5355	5455
July	5510	5460	5460	5560
Sept	5615	5565	5565	5665
Dec	5780	5756	5755	5830
Jan	5835	—	—	5885
March	5945	5925	5925	5995

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	136.10	36.50	35.65	36.38
March	134.25	34.40	33.95	34.66
May	133.30	33.35	33.10	33.61
July	132.50	32.75	32.50	32.88
Sept	131.40	31.65	31.20	31.58
Dec	130.26	30.20	30.20	30.38
March	129.01	29.00	29.00	29.13

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	57.25	—	—	58.35
Dec	57.75	58.40	57.70	58.85
Jan	58.35	—	—	59.45
March	59.50	60.05	59.45	60.60
May	60.60	61.15	60.55	61.75
July	61.70	62.35	61.95	62.85
Sept	62.85	63.35	63.05	64.00
Dec	64.45	64.80	64.80	65.60
Jan	65.00	—	—	66.15

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	338.0	339.3	337.5	340.3
Jan	—	—	—	—
Feb	343.8	346.0	343.0	346.2
April	349.4	350.5	348.5	351.8
June	355.6	356.8	355.0	358.0
August	361.7	—	—	364.1
Oct	368.4	368.8	368.8	370.8
Dec	375.3	376.0	374.0	377.7
Feb	382.6	—	—	385.0
April	389.8	390.5	389.5	392.2
June	397.7	—	—	400.1
August	405.7	406.5	406.5	408.1

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	163.7	63.80	63.25	63.70
Jan	166.70	67.00	66.20	66.75
March	167.00	67.10	66.75	67.50
May	—	—	—	—
Sept	164.50	64.80	64.80	64.50
Nov	164.50	—	—	64.50
Jan	163.50	—	—	64.50
March	163.50	—	—	64.50

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	716.5	—	—	730.6
Dec	723.0	729.5	722.0	736.5
Jan	729.1	734.0	734.0	742.7
March	741.7	749.5	741.0	755.4
May	754.5	760.0	753.5	768.2
July	767.8	775.0	765.5	781.4
Sept	782.4	790.0	782.0	795.9
Dec	805.8	813.0	806.0	819.3
Jan	813.6	—	—	827.1

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.08	5.18	5.10	5.16
March	5.57	5.67	5.51	5.70
May	5.92	5.98	5.83	5.99
July	6.20	6.26	6.10	6.28
Sept	6.46	6.55	6.55	6.54
Oct	6.66	6.76	6.64	6.79
Jan	7.10	7.20	7.20	7.20
March	7.64	7.74	7.62	7.75

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	63.52	64.07	63.72	63.87
Feb	64.72	64.95	64.50	64.75
April	66.62	66.35	66.45	66.70
June	66.77	66.35	66.62	66.86
August	64.42	64.55	64.25	64.26
Oct	62.55	62.60	62.50	62.30
Dec	64.00	64.00	64.00	64.00

LIVE HOGS 30,000 lb, cents/lb

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	274.0	278.4	273.6	277.2
March	281.0	282.4	280.6	283.8
May	286.6	288.0	286.4	289.2
July	290.2	291.4	290.0	292.6
Sept	288.0	288.2	285.6	287.4
Dec	282.6	283.4	282.2	283.4
March	290.4	—	—	290.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	65.60	65.75	64.70	64.87
March	65.52	65.65	64.75	64.62
May	65.92	67.12	66.42	66.55
July	67.75	67.75	67.30	67.35
August	65.45	65.70	65.06	65.05

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	613.2	620.0	612.4	627.0
Jan	624.4	630.0	623.4	637.4
March	638.6	644.4	638.4	651.2
May	654.0	658.4	653.0	663.4
July	663.4	668.4	663.0	673.4
August	664.0	667.0	662.4	673.4
Sept	656.0	658.4	655.0	663.0
Nov	654.0	657.0	653.0	659.0
Jan	668.4	—	—	673.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	162.9	164.7	162.6	165.7
Jan	156.9	157.7	156.6	156.9
March	162.1	163.8	162.0	164.8
May	169.0	169.0	167.6	170.3
July	173.0	174.5	173.0	176.0
August	174.1	175.5	174.0	177.0
Sept	175.0	175.0	173.5	177.0
Oct	176.1	176.5	173.5	177.0
Dec	176.0	176.5	176.0	177.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	26.76	27.18	26.72	27.30
Jan	25.73	26.03	25.71	26.15
March	25.11	25.35	25.10	25.52
May	24.93	25.20	24.80	25.37
July	24.80	25.10	24.80	25.20
August	24.52	24.75	24.50	24.75
Sept	24.30	—	—	24.43
Oct	24.17	—	—	24.25
Dec	23.90	—	—	24.00

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	359.4	360.0	357.2	360.0
March	364.0	364.2	362.6	364.0
May	356.6	359.2	357.0	359.2
July	343.6	344.0	342.4	343.6
Sept	347.4	347.4	347.4	348.0
Dec	360.0	—	—	360.4

COCOA 10 tonnes—$/tonnes

	Close	High	Low	Prev
Dec	2255	2280	2256	2235
March	2220	2229	2206	2236
May	2230	2232	2215	2248
July	2230	2235	2230	2250
Sept	2249	—	—	2260
Dec	2226	2226	2226	2246

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	66.34	67.40	66.20	67.82
March	67.75	68.55	67.55	68.05
May	69.65	69.65	68.85	70.15
July	70.25	70.91	70.25	71.20
Oct	70.60	70.60	70.32	70.75
Dec	70.58	70.67	70.25	70.90
March	71.60	71.60	71.60	71.90

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
Dec	28.41	28.51	28.30	28.58
Jan	28.29	28.41	28.17	28.48
Feb	28.13	28.16	28.00	28.33
March	27.97	28.00	27.83	28.15
April	27.86	27.92	27.80	28.03
May	27.80	27.80	27.80	28.00
June	27.70	27.70	27.62	27.90
July	27.71	27.71	27.71	27.90
August	27.64	—	—	27.84
Sept	27.64	—	—	27.84

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm in quiet trade

The dollar was much firmer on the foreign exchanges yesterday. There was no sign of intervention by the German Bundesbank, and trading was generally quiet, although fears remain that the central bank may show its hand again if the U.S. currency continues to advance much above the DM 3.07 level. Demand for the dollar increased as the market responded to the currency's resilience after intervention by the Bundesbank last week pushed it to a low of DM 2.9950. A rise in the Federal funds rate to 10 per cent, amid speculation the downward trend in U.S. interest rates might have come to an end, also supported the dollar, and it closed near the highest levels of the day.

The dollar rose to DM 3.0725 from DM 3.0275; FFr 9.4125 from FFr 9.33; SwFr 2.5210 from SwFr 2.4870; and Y246.65 from Y245.35. On Bank of England figures the dollar's index rose to 142.1 from 141.2.

Several important economic statistics are due for publication this week, including leading indicators for September. These are expected to confirm a slow-down in U.S. economic growth, while there are also suggestions the monthly trade deficit will widen.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.1875. September average 1.2593. Exchange rate index 74.9, compared with 75.1, after opening at 75.0 and falling to 74.8 in the afternoon, compared with 79.7 six months ago.

Sterling weakened against the firmer dollar, and also lost ground to several other currencies, but improved against the D-mark and Swiss franc. Nigeria's refusal to increase its oil price tended to depress the pound, but there were no other major factors, as the market awaits the outcome of talks between the National Coal Board and National Union of Mineworkers over the pit dispute.

Sterling fell 1.25 cents to $1.2085-$1.2095, after touching a low of 1.2060. It also weakened to FFr 11.3775 from FFr 11.41 and Y297.25 from Y300, but rose to DM 3.7150 from DM 3.7050, and SwFr 3.0475 from SwFr 3.0425.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5535. September average 3.0285. Trade-weighted index 121.1 against 125.8 six months ago.

The D-mark weakened against other major currencies at the Frankfurt fixing. The dollar rose to DM 3.0542 from DM 3.0338 without any intervention by the German Bundesbank. The central bank was not expected to enter trading on the open market after the fixing, but dealers were very cautious after Friday when the Bundesbank sold an estimated $50m in late trading, following similar intervention on Thursday. A firmer trend in U.S. interest rates helped to underpin the dollar, and there were also rumours of purchases by Soviet sources, but trading was generally quiet. Sterling rose to DM 3.7040 from DM 3.7020 at the fixing, and the Swiss franc to DM 1.2182 from DM 1.2180. Within the EMS the French franc improved to DM 32.620 per 100 francs from DM 32.585, and the Dutch guilder to DM 88.675 from DM 88.645.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Oct 26	Previous
8.30 am	—	—
9.00 am	74.9	75.0
10.00 am	74.9	75.0
11.00 am	74.9	75.0
Noon	74.8	75.0
1.00 pm	74.8	75.0
2.00 pm	74.8	75.1
3.00 pm	74.8	75.1
4.00 pm	74.9	75.1

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.0187	+0.26	+0.45	±1.5428
Danish Krone	8.14104	8.05280	−1.08	−0.89	±1.6421
German D-Mark	2.24184	2.23090	−0.49	−0.30	±1.1463
French Franc	6.87456	6.83843	−0.53	−0.34	±1.3659
Dutch Guilder	2.52595	2.51472	−0.44	−0.25	±1.5165
Irish Punt	0.72569	0.721623	−0.56	−0.37	±1.6671
Italian Lira	1403.49	1385.07	−1.31	−1.31	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

New York rates

	Oct. 29	Prev. close
£ Spot	$1.2075-1.2085	$1.2205-1.2215
1 month	0.09-0.06 pm	0.09-0.08 pm
3 months	0.09-0.06 pm	0.08-0.05 pm
12 months	0.70-0.80 dis	0.60-0.70 dis

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Oct 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2060-1.2130	1.2085-1.2095	0.09-0.06c pm	0.74	0.09-0.05 pm	0.23
Canada	1.5925-1.5975	1.5960-1.5970	0.17-0.22c dis	−1.47	0.43-0.50dis	−1.17
Nethlnd.	4.1685-4.1975	4.17½-4.18½	1⅝-1⅜c pm	4.13	4⅞-4⅝ pm	4.25
Belgium	74.60-75.05	74.75-74.85	par-5c dis	−0.40	par-9 dis	−0.24
Denmark	13.35-13.425	13.37¾-13.38¾	¼ pm-¼ore dis	—	3¾-4¾ dis	−1.12
Ireland	1.1998-1.2041	1.2020-1.2030	0.15-0.31p dis	−2.30	0.65-0.90dis	−2.58
W. Ger.	3.69¾-3.72½	3.71-3.72	1⅝-1⅜pf pm	4.85	4⅞-4⅝ pm	4.71
Portugal	197.2-199.2	197.85-199.20	160-495c dis	−19.80	465-1390d	−18.69
Spain	207.25-208.10	207.90-208.10	15-45c dis	−1.73	105-160 dis	−2.55
Italy	2,293¾-2,305¼	2,298-2,300	8-10lire dis	−4.70	28-31 dis	−5.13
Norway	10.70-10.74	10.71½-10.72½	2⅝-3⅝ore dis	−3.01	6⅞-7⅞ dis	−2.54
France	11.33½-11.39½	11.37¾-11.38¾	¼-⅞c dis	−0.59	1⅞-2⅞ dis	−0.68
Sweden	10.50-10.55¼	10.51-10.52	1⅝-1⅞ore dis	−1.71	4-4¾ dis	−1.86
Japan	297.40-298.75	296¾-297¾	1⅞-1⅛y pm	4.04	3⅞-2⅞ pm	3.95
Austria	26.00-26.12	26.07-26.12	8⅞-6⅞gro pm	3.45	21½-18½ pm	3.04
Switz.	3.03½-3.06	3.04¾-3.05¾	1⅝-1⅜c pm	5.91	4⅝-3⅝ pm	5.17

Belgian rate is for convertible francs. Financial franc 75.35-75.45. Six-month forward dollar 0.10-0.15c dis. 12-month 0.65-0.80c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Oct 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2060-1.2130	1.2085-1.2095	0.09-0.06c pm	0.74	0.09-0.05 pm	0.23
Ireland†	1.0065-1.0080	1.0065-1.0075	0.30-0.20c pm	2.97	0.78-0.63 pm	2.79
Canada	1.3183-1.3196	1.3186-1.3196	0.21-0.24c dis	−2.05	0.43-0.48dis	−1.38
Nethlnd.	3.4515-3.4528	3.4518-3.4528	1.15-1.12c pm	3.94	3.64-3.61 pm	4.20
Belgium	61.79-61.92	61.90-61.92	4-5c dis	−0.97	5-9 dis	−0.45
Denmark	11.05-11.05¾	11.05¼-11.05¾	⅛-⅛ore dis	−0.54	1⅜-2⅛ dis	−0.99
W. Ger.	3.0535-3.0735	3.0720-3.0730	1.10-1.05pf pm	4.21	3.41-3.36 pm	4.42
Portugal	163¼-164¼	163½-164½	150-400c dis	−20.12	400-1150d	−18.90
Spain	171.85-172.15	172.00-172.15	30-40c dis	−2.44	115-140 dis	−2.98
Italy	1,901-1,905	1,904-1,905	8.50-9.00lire dis	−0.55	25-25.75dis	−0.53
Norway	[illegible]	8.85¼-8.85¾	2.20-2.70ore dis	−3.32	5.80-6.30dis	−2.73
France	9.3725-9.4150	9.4075-9.4175	0.55-0.70c dis	−0.79	1.50-1.90dis	−0.72
Sweden	8.68-8.68¾	8.68¼-8.68¾	1.45-1.95ore dis	−2.34	3.95-4.45dis	−1.93
Japan	246.00-246.70	246.60-246.70	0.78-0.74y pm	3.69	2.43-2.38 pm	3.90
Austria	21.52¼-21.53½	21.52¼-21.52¾	5.30-4.80gro pm	2.81	16.25-14.25pm	2.83
Switz.	2.5205-2.5215	2.5205-2.5215	1.10-1.04c pm	5.95	3.15-3.09 pm	5.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 62.30-62.40.

OTHER CURRENCIES

Oct. 29	£	$		£ Note Rates
Argentina Peso	133.60-133.65	110.60-110.69	Austria	25.90-26.20
Australia Dollar	1.4370-1.4390	1.1878-1.1882	Belgium	75.25-76.05
Brazil Cruzeiro	3,081.87-3,078.33	2,534-2,547	Denmark	13.33-13.47
Finland Markka	7.7155-7.7198	6.3760-6.3800	France	11.33-11.44
Greek Drachma	149.45-153.23	123.36-125.40	Germany	3.6925-3.7225
Hong Kong Dollar	9.4460-9.4560	7.8185-7.8195	Italy	2265-2316
Iran Rial	113.50*	92.10*	Japan	297-302
Kuwait Dinar(KD)	0.36350-0.36480	0.30100-0.30110	Netherlands	4.16-4.20
Luxembourg Fr.	75.35-75.45	61.90-62.00	Norway	10.68-10.79
Malaysia Dollar	2.9040-2.9140	2.4065-2.4075	Portugal	193-218
New Zealand Dlr.	2.4860-2.4910	2.0546-2.0575	Spain	208-214½
Saudi Arab. Riyal	4.3090-4.3145	3.5600-3.5610	Sweden	10.47-10.58
Singapore Dollar	2.6140-2.6840	2.1640-2.1655	Switzerland	3.03¼-3.06¼
Sth African Rand	2.3037-2.3484	1.9047-1.9417	United States	1.1975-1.2175
U.A.E. Dirham	4.4450-4.4500	3.5730-3.6730	Yugoslavia	243-260

* Selling rate.

CURRENCY MOVEMENTS

Oct 29	Bank of England Index	Morgan Guaranty Changes %
Sterling	74.9	−15.3
U.S. dollar	142.1	+28.6
Canadian dollar	90.2	−3.4
Austrian schilling	111.3	+3.5
Belgian franc	88.6	−11.0
Danish Kroner	76.3	−5.1
Deutsche mark	121.1	+6.2
Swiss franc	141.3	+10.1
Guilder	88.6	+3.2
French franc	64.0	−16.5
Lira	46.5	−14.4
Yen	156.4	+12.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.821529	0.601978
U.S. $	9	0.99264	0.728694
Canadian $	12.11	*	0.960638
Austria Sch	4½	21.3798	15.6924
Belgian Fr.	11	1.4056	45.0187
Danish Kr.	7	n.a.	8.05280
Dmark	4½	3.04169	2.23090
Guilder	5	3.45061	2.51472
French Fr.	9½	9.32698	6.83843
Lira	16½	1886.66	1385.07
Yen	5	244.491	179.587
Norwgn Kr.	8	8.7896	6.44822
Spanish Pta.	½	170.504	125.175
Swedish Kr.	9	8.63410	6.33418
Swiss Fr.	4	n.a.	1.83208
Greek Dr'ch	20½	124.449	91.0722
Irish Punt	12¾	n.a.	0.721623

* C$/SDR rate for Oct 26: 1.31297.

EXCHANGE CROSS RATES

Oct. 29	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.209	3.715	297.5	11.38	3.048	4.180	2299.	1.597	74.80
U.S. Dollar	0.827	1.	3.073	245.9	9.411	2.521	3.457	1902.	1.321	61.87
Deutschemark	0.269	0.325	1.	80.01	3.065	0.820	1.125	618.8	0.430	20.13
Japanese Yen 1,000	3.364	4.067	12.50	1000.	38.28	10.25	14.06	7734.	5.371	251.6
French Franc 10	0.879	1.063	3.265	261.3	10.	2.679	3.674	2021.	1.403	65.74
Swiss Franc	0.328	0.397	1.219	97.54	3.733	1.	1.372	754.4	0.524	24.54
Dutch Guilder	0.239	0.289	0.889	71.11	2.722	0.729	1.	550.0	0.382	17.89
Italian Lira 1,000	0.435	0.526	1.616	129.3	4.949	1.326	1.818	1000.	0.694	32.54
Canadian Dollar	0.626	0.757	2.327	186.2	7.127	1.909	2.618	1440.	1.	46.85
Belgian Franc 100	1.337	1.616	4.967	397.4	15.21	4.074	5.588	3074.	2.134	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10⅝-10¾	9⅞-10	12¼-12¾	5⅝-5¾	⅝-⅞	5⅛-5⅝	10⅝-10⅞	15-16	10¾-11¼	10⅞-11⅛	6¼-6⅝	11¼-11¾
7 days' notice	10⅝-10¾	9¾-9⅞	12¼-12¾	5¾-5⅞	⅛-⅜	5⅛-5⅜	10⅝-10⅞	14⅝-15⅝	10¾-11¼	10⅞-11⅛	6¼-6⅝	10¾-11¼
Month	10⅝-10⅝	9¾-9⅞	11¾-11⅞	5⅝-5⅞	4⅛-4⅜	5½-5⅝	10⅝-10⅞	15⅛-15⅝	10¾-11¼	10⅞-11⅛	6¼-6⅝	10¾-11¼
Three months	10⅝-10¾	10⅛-10¼	11⅝-11¾	6⅛-6⅜	5⅛-5¼	5¾-5⅞	10⅞-11	15¼-15¾	10¾-11¼	10⅞-11⅛	6⅛-6⅝	11⅝-11⅞
Six months	10½-10⅝	10⅝-10¾	11¾-11⅞	6¼-6⅝	5⅛-5¼	5⅝-5⅞	11½-11⅝	15½-15⅞	11-11¼	11-11¼	6⅛-6⅝	11½-12
One year	10⅝-10¾	11⅛-11¼	11¾-11⅞	6¼-6⅝	5-5⅛	5⅞-6	12-12¼	15½-16	11-11¼	11-11¼	6⅛-6⅝	11⅝-12⅛

Asian $ (closing rates in Singapore): Short-term 9¾-9⅞ per cent; seven days 9¹¹⁄₁₆-9¹³⁄₁₆ per cent; one month 9⅞-10 per cent; three months 10¼-10⅜ per cent; six months 10⅜-10½ per cent; one year 11⅛-11¼ per cent. Long-term Eurodollars: two years 11⅝-11⅞ per cent; three years 12-12¼ per cent; four years 12⅜-12⅝ per cent; five years 12¼-12½ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK longer term rates slightly stronger

LONGER TERM rates rose slightly in London yesterday in reaction to sterling's weaker trend. Short-term rates were more comfortable however and expectations of a reduction in UK clearing bank base rates, assuming a favourable set of UK money supply figures next month, were reflected in the arranging of sale and repurchase agreements by the Bank of England as discount houses appeared reluctant to sell long dated paper outright. Three-month interbank money rose to

UK clearing banks' base lending rate 10½ per cent (since August 20)

10⅛-10⅜ per cent from 10⅛-10¼ per cent while three-month eligible bank bills were bid at 10⅛ per cent from 9⅞ bid yesterday. Overnight interbank money touched a peak of 15 per cent and a low of 10 per cent.

The Bank of England forecast a shortage of around £500m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £427m and the unwinding of previous sale and repurchase agreements a further £446m. In addition banks brought forward balances £25m below target. On the other hand Exchequer transactions added £130m and there was a fall in the note circulation of £260m.

To help alleviate the shortage the Bank offered an early round of assistance totalling £105m and comprising purchases of £25m of eligible bank bills in band 1 (up to 14 days) at 10½ per cent and £31m in band 2 (15-33 days) at 10⅛ per cent. In band 3 (34-63 days) it bought £1m of eligible bank bills at 10⅛ per cent and in band 4 (64-91 days) £48m at 10⅛ per cent. It undertook further operations in the morning of £95m, buying £1m of eligible bank bills in band 1 and £2m in band 2 at 10⅛ per cent. In band 3 it bought £5m of eligible bank bills at 10⅛ per cent and £26m in band 4 at 10⅛ per cent. It also arranged sale and repurchase agreements on £61m of bills at 10⅛ per cent, unwinding on November 30.

The forecast was revised to a shortage of around £550m before taking into account the morning's assistance and the Bank gave additional help in the afternoon of £163m. This comprised purchases of £45m of eligible bank bills in band 2 at 10⅛ per cent and £6m in band 3 at 10⅛ per cent. It also arranged sale and repurchase agreements on £112m of bills at 10⅛ per cent, unwinding on November 12. The Bank also provided late assistance of £140m, making a total of £503m.

MONEY RATES

Oct. 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	10½	5⅞-6	5½-5⅝	6.28125	16⅞-17¼	9.60	12⅝-12⅞
One month	5.80-5.90	10⅛-10⅜	4⅛-4⅜	5¾-5⅞	6.28125	16¾-17⅛	10⅞-11⅛	12¾-13
Two months	5.80-5.90	10¼-10⅜	—	—	—	—	—	13-13¼
Three months	6.00-6.10	10⅜-10⅝	5⅛-5⅜	5⅞-6⅛	6.34375	17⅛-17½	10⅞-11⅛	13⅛-13⅜
Six months	5.95-6.10	10¼-10⅝	—	6⅛-6¼	—	—	10⅞-11⅛	15⅝-15⅞
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11	—	5¾	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Oct. 29 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	10-15	10⅛-10¼	10¾-10⅞	10¼-11	—	—	—	—	—
2 days notice	—	—	10⅛-10⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10½-10¾	10¾	10¾-10⅞	10⅛-10⅝	—	—	—	—	—
One month	10⅛-10⅜	10⅜-10⅝	10⅝	10¾-10⅞	10½	10⅝	10⅝	10⅝	10⅝	11⅛
Two months	10⅝-10½	10⅝-10¾	10⅝	10¼	10⅛	10	10⅛	10⅝	10⅛	10⅝
Three months	10½-10⅝	10⅜-10⅝	10⅝	10¼	10	9⅝	9⅝	10⅝	9⅝	10⅝
Six months	10½-10⅝	10½-10⅝	10½-10⅝	—	—	—	—	9⅝	9⅝	10⅝
Nine months	10⅝-10⅝	10½-10⅝	—	—	—	—	—	—	—	—
One year	10⅝-10⅝	10⅝-10¾	10⅝-10¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	11⅛-10⅞	—	10⅛	9.65-9.75	8⅝-8⅞	9⅛-9⅜
Two months	11⅛-10⅞	—	10⅝	9.75-9.85	8⅞-9⅛	9½-9⅝
Three months	11-10⅞	—	10⅝	9.9-10.0	9-9¼	9⅝-9¾
Six months	10¾-10½	—	10⅝	10.5-10.6	9¼-9½	9¾-9⅞
Nine months	11-10¾	—	10⅝	10.35-10.40	—	—
One year	10⅞-10⅝	—	10⅝	10.6-10.7	9⅝-9⅞	10-10⅛
Two years	—	11-11⅛	—	—	—	—
Three years	—	11¼	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period September 5 to October 2 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¾-7⅞ per cent. Treasury Bills: Average tender rates of discount 10.0620 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10⅛ per cent; one-three months 10⅛ per cent; three-six months 10⅛ per cent; six-nine months 10⅛ per cent; nine-12 months 10⅛ per cent. Under £100,000 10⅛ per cent from October 29. Deposits held under Series 5 10⅛ per cent. The rates for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. October 29)

3 months U.S. dollars

bid 10 1/4	offer 10 3/8

6 months U.S. dollars

bid 10 5/8	offer 10 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	12
Broker loan rate	10¾-11¼
Fed funds	10
Fed funds at intervention	—

Treasury Bills

One month	9.00
Two month	9.05
Three month	9.33
Six month	9.55
One year	9.65

Treasury Bonds

Two year	100²⁷⁄₃₂
Three year	101¹⁵⁄₁₆
Four year	99³⁄₃₂
Five year	103⁷⁄₁₆
Seven year	101⁹⁄₁₆
10 year	103¹³⁄₁₆
30 year	105²⁄₃₂

FINANCIAL FUTURES

Quiet trading

Trading was mostly dull and featureless in the London International Financial Futures Exchange yesterday as the market focused its attention on next week's U.S. Presidential election. The bullish nature of President Reagan's probable re-election has already been well discounted. The recent decline in U.S. interest rates was probably the only point of interest with the market trying to assess the ruling rate on overnight Federal funds. A rise in the latter to 10 per cent helped the dollar move firmer, having resisted several attempts recently to push it weaker. Three-month Euro-dollars for December delivery opened at 89.27 down from 89.36 but came back to finish unchanged at 89.36.

Sterling based contracts showed very little change in dull and light trading. The December short sterling price opened at 89.68 down from 89.75 on Friday and rose to a best level of 89.72 before closing at 89.71. The gilt contract for December delivery finished at 106-19 unchanged from Friday, having opened at 106-14 and trading between a high of 106-27 and a low of 106-10.

The FT-SE sector moved firmer in line with a stronger equity market with the December contract finishing at 113.55 up from 112.90.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%†

	Close	High	Low	Prev
Dec	89.36	89.38	89.26	89.36
March	88.96	88.96	88.84	88.94
June	88.57	88.55	88.47	88.56
Sept	88.21	88.21	88.13	88.17
Dec	87.91	—	—	87.88

Est volume 4,036 (7,687)
Previous day's open int 10,628 (9,903)
† Repriced

THREE-MONTH STERLING £250,000 points of 100%†

	Close	High	Low	Prev
Dec	89.71	89.72	89.65	89.75
March*	89.75	89.76	89.67	89.75
June*	89.57	89.57	89.50	89.53
Sept*	89.35	89.30	89.30	89.32

Est volume 1,112 (1,637)
Previous day's open int 5,917 (5,686)
* £500,000 points of 100% + † Repriced

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	106-19	106-27	106-10	106-19
March	106-02	106-11	106-08	106-02
June	105-22	—	—	105-22
Sept	108-25	—	—	108-25

Est volume 2,255 (1,986)
Previous day's open int 2,721 (2,678)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 02 to 10 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2090	1.2120	1.2072	1.2197
March	1.2103	1.2120	1.2090	1.2207
June	1.2128	—	—	1.2232

Est volume 413 (247)
Previous day's open int 8,055 (7,853)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3276	0.3284	0.3276	0.3312
March	0.3314	—	—	0.3350
June	—	—	—	—

Est volume 54 (309)
Previous day's open int 223 (325)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.3992	—	—	0.4041

Est volume nil (nil)
Previous day's open int 404 (404)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4073	0.4077	0.4073	0.4090

Est volume 280 (13)
Previous day's open int 402 (389)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	113.55	113.60	112.50	112.90
March	113.55	113.60	113.50	113.00

Est volume 644 (148)
Previous day's open int 738 (731)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	69-31	70-05	69-25	69-24
March	69-08	—	—	69-02

Est volume 1,087 (1,595)
Previous day's open int 2,041 (1,204)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	69-28	70-05	69-25	69-28
March	69-05	69-15	69-03	69-04
June	68-19	68-28	68-16	68-18
Sept	68-04	68-11	68-02	68-02
Dec	67-22	67-29	67-21	67-20
March	67-10	67-16	67-08	67-08
June	—	—	—	66-30
Dec	—	—	—	66-12
March	—	—	—	66-04
June	—	—	—	65-29

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.51	90.57	90.51	90.53
March	90.14	90.18	90.11	90.14
June	89.77	89.81	89.74	89.77
Sept	89.45	89.48	89.42	89.44
Dec	89.16	89.17	89.16	89.13
March	88.89	88.91	88.89	88.87
June	88.66	88.66	88.66	88.63
Sept	—	88.41	—	88.40

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	—	89.78	89.68	89.73
March	89.31	89.35	89.25	89.29
June	88.92	88.95	88.87	88.89

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.33	89.39	89.28	89.33
March	88.91	88.97	88.85	88.89
June	—	88.58	88.46	88.49
Sept	88.15	88.20	88.10	88.12
Dec	87.79	87.84	87.75	87.78
March	—	87.52	87.44	87.45
June	87.21	87.22	87.15	87.15
Sept	—	—	—	86.88

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	1.2085	1.2105	1.2070	1.2205
March	—	1.2125	1.2090	1.2220
June	1.2110	1.2120	1.2110	1.2235
Sept	—	1.2185	1.2140	1.2255
Dec	1.2155	—	1.2155	1.2275

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	67-16	67-22	67-13	67-14
March	66-25	66-27	66-25	66-22
June	66-06	66-06	66-06	66-02
Sept	—	—	—	65-16
Dec	—	—	—	65-00
March	—	—	—	—
June	—	—	—	64-05

Clubs

Company Notices

SIMMER AND JACK MINES LIMITED
(Incorporated in the Republic of South Africa)
NOTICE TO SHAREHOLDERS
BOREHOLE SJ3

Anglo American Corporation of South Africa Limited has advised the Company of the following results in respect of Borehole SJ3, situated on land held under mining title by the Company and located 1200 metres south of the deepest stoping area at the time the mine ceased operations in 1965.

	Depth Metres	Corrected width cm	Gold g/t	Gold cm.g/t	Uranium kg/t	Uranium cm.kg/t
Main Reef Leader 1st Intersection	2 749	22.8	5.60	128	0.05	1.18
2nd Intersection (1st Deflection)	2 749	36.3	5.54	201	0.04	1.43
Main Reef 1st Intersection	2 750	97.0	12.99	1260	0.07	7.05
2nd Intersection (1st Deflection)	2 751	104.2	12.24	1276	0.07	7.64

Only minor core loss was experienced in all intersections and recovery was acceptable. Drilling is continuing.

In terms of the arrangements, Anglo American Corporation and associates are conducting a feasibility study of the reefs of the Simmer mining title below the 1 174 metre level and East Rand Gold and Uranium Company Limited is prospecting and mining the reefs above this level.

On behalf of the board
F. B. GAIN, Chairman
C. E. DIXON, Managing Director

Johannesburg.
25 October, 1984.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
US$125,000,000 GUARANTEED FLOATING RATE NOTES DUE 1988

In accordance with the terms and conditions of the Notes, Notice is hereby given that for the 6 month period from October 30, 1984 to April 30, 1985, the Notes will carry an interest rate of 10⅞% per annum. The relevant interest payment date will be April 30, 1985 and the coupon amount per US$10,000 will be US$549.79.

BANQUE GENERALE DU LUXEMBOURG
Societe Anonyme
Fiscal Agent

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
45 Queens Road, Oldham, Greater Manchester

A SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office on Thursday, 15th November 1984 at 9.15 a.m.

AGENDA
1. To close Tables RAS(A) and RAS(C) and approve new Tables RAS and RAS(C).
2. To approve amendment(s) to Rule(s) and/or Appendix in order to receive a transfer of engagements.
3. To amend Rule 4(iv).
4. To approve Tables SNPE1 and JNPE1 with appropriate amendments to Rule 9(i).

D. R. REES, Secretary.

Legal Notices

IN THE MATTER OF THE COMPANIES ACT 1948 AND C.S. ENTERPRISES LIMITED

NOTICE IS HEREBY GIVEN Pursuant to Section 293 of the Companies Act, 1948 that a MEETING of the CREDITORS of the above-named Company will be held at 11.30 a.m. on Tuesday, 6th November 1984 at the offices of Singla & Co., New Broad Street House, 35 New Broad Street, London EC2M 1NH for the purposes mentioned in Sections 294 and 295 of the Said Act.

Dated this 12th day of October 1984.
By Order of the Board,
H. K. SHAH,
Director.

THE COMPANIES ACTS 1948 TO 1976
TORINO TILES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ on Tuesday, the 6th day of November 1984 at 12 noon, for the purposes mentioned in sections 294 and 295 of the Said Act.

Dated this 11th day of October 1984.
By Order of the Board
B. MARKS, Secretary

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 29, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fu) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.05
Algeria	Dinar	(A) 6.17
Andorra	French Franc	11.36
	Spanish Peseta	207.25
Angola	Kwanza	(CM) 37.2045
Antigua	E. Caribbean $	3.2640
Argentina	New Peso	133.715
Australia	Australian $	1.4355
Austria	Schilling	26.00
Azores	Portugu'se Escudo	197.20
Bahamas	Ba. Dollar	1.2070
Bahrain	Dinar	0.455
Balearic Isles	Spa. Peseta	207.25
Bangladesh	Taka	30.60
Barbados	Barbados $	2.419
Belgium	B. Franc	(cm) 75.40
		(fn) 74.61
Belize	B.$	2.419
Benin	C.F.A. Franc	568
Bermuda	Bda $	1.2070
Bhutan	Indian Rupee	14.60
Bolivia	Bolivian Peso	2,419.0(13)
		6,047.5 (14)
Botswana	Pula	1.775
Burkina Fasso	C.F.A. Franc	568.0
Brazil	Cruzeiro ‡‡	3,070.14
Brit. Virgin Isles	U.S. $	1.2070
Brunei	Brunei $	2.5945
Bulgaria	Lev	1.3055
Burma	Kyat	10.90
Burundi	Burundi Franc	127
Cameroon	C.F.A. Franc	568.0
Canada	Canadian $	1.5965
Canary Islands	Spanish Peseta	207.25
Cape Verde Is	Cape V. Escudo	96.712
Cayman Islands	Cay. Is. $	0.9995
Cent.Afr. Republic	C.F.A. Franc	568.0
Chad	C.F.A. Franc	568.0
Chile	Chilean Peso	141.50
China	Renminbi Yuan	3.1862
Colombia	Col. Peso	(F) 129.17
Comoro Islands	C.F.A. Franc	568.0
Congo (Brazaville)	C.F.A. Franc	568.0
Costa Rica	Colon	(U) 54.09
Cuba	Cuban Peso	1.0625
Cyprus	Cyprus £	0.7550
Czechoslovakia	Koruna	(com) 8.05
		n/c 15.16
		14.70 (9)
Denmark	Danish Kroner	13.35
Djibouti	Djibouti Franc	210 (sg)
Dominica	E. Caribbean £	3.2640
Dominican Repub'	Dominican Peso	(O) 1.2095
		(7) 3.6286
Ecuador	Sucre	(O) 81.18
		(F) 133.23
Egypt	Egyptian £	1.0055(15)
		1.4538
El Salvador	Colon	3.002
Equatorial Guinea	Ekuele	415.4
Ethiopia	Ethiopian Birr	(P) 2.4450
Falkland Islands	Falkland Is. £	1.0
Faroe Islands	Danish Kroner	13.35
Fiji Islands	Fiji $	1.3540
Finland	Markka	7.6626
France	French Franc	11.36
French C'ty in Af.	C.F.A. Franc	P568.0
French Guiana	Local Franc	11.36
French Pacific Is.	C.F.P. Franc	200.0 (sg)
Gabon	C.F.A. Franc	568.0
Gambia	Dalasi	6.00
Germany (East)	Ostmark	3.6976
Germany (West)	Deutsche Mark	3.6976
Ghana	Cedi	46.7005
Gibraltar	Gibraltra £	1.0
Greece	Drachma	151.50
Greenland	Danish Kroner	13.35
Grenada	E. Caribbean $	3.2640
Guadaloupe	Local Franc	11.36
Guam	U.S. $	1.2070
Guatemala	Quetzal	1.2070
Guinea	Syli	29.95
Guinea-Bissau	Peso	101.92
Guyana	Guyanese $	4.575
Haiti	Gourde	6.0475
Honduras	Lempira	2.42
Hong Kong	H.K. $	9.3540
Hungary	Forint	60.77¢
Iceland	I. Krona	40.9185
India	Ind. Rupee	14.60
Indonesia	Rupiah	1,281.45
Iran	Rial	112.50 (sg)
Iraq	Iraqi Dinar	0.3798
Irish Republic	Irish £	1.2020
Israel	Shekel	606.0
Italy	Lira	2,293.80
Ivory Coast	C.F.A. Franc	568.0
Jamaica	Jamaica Dollar	5.05
Japan	Yen	297.40
Jordan	Jordanian Dinar	0.488
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	18.375
Kiribati	Australian $	1.4355
Korea(Nth)	Won	1.57(‖)
Korea(Sth)	Won	995.55
Kuwait	Kuwaiti Dinar	0.3601
Laos	New Kip	42.3325
Lebanon	Lebanese £	9.650
Lesotho	Maluti	2.1594
Liberia	Liberian $	1.2070
Libya	Libyan Dinar	0.3580
Liechtenstein	Swiss Franc	3.0658
Luxembourg	Lux Franc	74.60
Macao	Pataca	9.8327
Madeira	Portug'se Escudo	196.05
Malagasy Republic	MG Franc	751.60
Malawi	Kwacha	1.85
Malaysia	Ringgit	2.8810
Maldive Islands	Rufiyaa	9.1317
Mali Republic	C.F.A. Franc	568.0
Malta	Maltese £	0.7565
Martinique	Local Franc	11.36
Mauritania	Ouguiya	80.41
Mauritius	M. Rupee	18.185
Mexico	Mexican Peso	(F)251.97
		(C)220.67
Miquelon	Local Franc	11.36
Monaco	French Franc	11.36
Mongolia	Tugrik	4.56 (ll)
Montserrat	E. Caribbean $	3.2640
Morocco	Dirham	11.25(sg)
Mozambique	Metical	(A) 52.78
Namibia	S.A. Rand	2.1594
Nauru	Australian Dollar	1.4355
Nepal	Nepalese Rupee	19.46
Netherlands	Guilder	4.16
Netherland Antilles	Antillian Guilder	2.1650
New Zealand	N.Z. Dollar	2.4760
Nicaragua	Cordoba	12.08
Niger Republic	C.F.A. Franc	568.0
Nigeria	Naira	1,061 (sg)
Norway	Norwegian Krone	10.72
Oman Sul'ate of	Rial Omani	0.416
Pakistan	Pakistan Rupee	17.40
Panama	Balboa	1.2070
Papua N. Guinea	Kina	1.1195
Paraguay	Guarani	290.04(10)
		515.61(11)
		389.94(12)
Peru	Sol	exc(A)5,313.61
Philippines	Philippine Peso	23.10
Pitcairn Islands	£ Sterling	1
	New Zealand $	2.4760
Poland	Zloty	151.47
Portugal	Portugu'se Escudo	197.20
Puerto Rico	U.S. $	1.2070
Qatar	Qatari Ryal	4.400
Reunion Island	French Franc	11.36
Romania	Leu	(Cm)6.22
		(NC)16.79
Rwanda	Rwanda Franc	147.575
St. Christopher	E. Caribbean $	3.2640
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean	3.2640
St. Pierre	Local Franc	11.36
St. Vincent	E. Caribbean $	3.2640
Salvador El	(See El Salvador)	—
Samoa American	U.S. $	1.2070
San Marino	Italian Lira	2,293.80
Sao Tome & Prin.	Dobra	54.97
Saudi Arabia	Saudi Ryal	4.2603(sg)
Senegal	C.F.A. Franc	568.0
Seychelles	S. Rupee	8.6(sg)
Sierra Leone	Leone	(O)3.00
Singapore	Singapore $	2.6945
Solomon Islands	Solomon Is. $	1.6894
Somali Republic	Somali Shilling	20.56
South Africa	Rand	2.1594
Spain	Peseta	207.25
Spanish ports in North Africa	Peseta	207.25
Sri Lanka	S. L. Rupee	31.15
Sudan Republic	Sudan £ (u)	[illegible]
Surinam	S. Guilder	[illegible]
Swaziland	Lilangeni	2.1594
Sweden	S. Krona	10.51
Switzerland	Swiss Franc	3.0658
Syria	Syrian £	(A) [illegible]
		(CM) 4.71
Taiwan	New Taiwan $	47.83
Tanzania	Tan. Shilling	21.585
Thailand	Baht	27.90
Togo Republic	C.F.A. Franc	568.0
Tonga Islands	Pa'anga	1.4355
Trinidad	Trinidad & Tob $	2.9088
Tunisia	Tunisian Dinar	[illegible]
Turkey	Turkish Lira	[illegible]
Turks & Caicos	U.S. $	1.2070
Tuvalu	Australian $	1.4355
Uganda	Uganda Shilling	576.5
United States	U.S. Dollar	1.2070
Uruguay	Uruguay Peso	[illegible]
Utd. Arab Emirates	U.A.E. Dirham	[illegible]
U.S.S.R.	Rouble	[illegible]
Upper Volta	see Burkina-Faso	—
Vanuatu	Vatu	118.95
Vatican	Italian Lira	2,293.80
Venezuela	Bolivar	(4) [illegible]
		(5) [illegible]
		(6) [illegible]
		(O) [illegible]
Vietnam	Dong	[illegible]
Virgin Island U.S.	U.S. Dollar	1.2070
Western Samoa	Samoan Tala	(A)[illegible]
Yemen (Nth)	Ryal	6.93(sg)
Yemen (Sth)	S. Yemen Dinar	(A)[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Republic	Zaire	46.42
Zambia	Kwacha	2.40
Zimbabwe	Zimbabwe $	1.793

* Rate is the transfer market (controlled). ‡‡ Now one official rate. (‖) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rate. (10) Rate for exports. (11) Parallel rate. (12) Rate for imports. (13) Essential imports. (14) Non-essential imports. (15) Nearly all business transactions.

INTERNATIONAL CAPITAL MARKETS

OVER-THE-COUNTER

Continued from Page 28

EUROBONDS

Complex $100m warrant issue for Royal Bank

BY MAGGIE URRY IN LONDON

WARRANT ISSUES continued to flood a steady Eurodollar bond market yesterday and the structure of the deals is becoming more complex.

Orion Royal Bank with co-leads Morgan Stanley and Chemical Bank, launched a $100m bond issue for Royal Bank of Canada. Instead of adding enough warrants to buy an equivalent amount of bonds, however, extra warrants were offered, which if exercised mean that $150m of the "back" bonds will be issued.

The front bond has a seven year life and 12¾ per cent coupon with a par issue price. The warrants, priced at $31, give the right to buy a seven year bond with a 12½ per cent coupon. The front bond can be called at 101 to the extent that the warrants are exercised.

The issue went well, the warrants were bid at $35, while the bonds were just inside the 1⅞ per cent fees.

Late in the day, Morgan Guaranty launched a $75m bond issue for Den norske Creditbank, with 75,000 warrants. Both the front and back bonds have a seven year life and 12¾ per cent coupon. The bonds were issued at 100¼ and the warrants at $35. This has a partly paid feature, 20¼ is due in November, the rest in May 1985.

BHF Bank bond average		
Oct 29		Previous
101.441		101.574
High	1984	Low
101.818		98.055

Warrant fever spread to the Euro-Canadian dollar sector, where TransCanada Pipeline launched a C$75m issue with 75,000 warrants. The bonds have a five year life and 12¾ per cent coupon, and were priced at 100. The warrants, priced at C$38, get into a 10-year bond with the same coupon. Lead manager is Wood Gundy, with Hambros and UBS (Securities) as co-leads.

In the Eurodollar floating rate note market the Belgian National Railways, SNCB, made a $75m issue, with a seven year life, paying interest at ⅛ per cent over Libor. The issue, lead managed by Société Générale de Banque, traded well inside the total fees of 40 basis points.

Yamaichi International (Europe) cut the coupon on its $50m issue for Hazama-Gumi, the Japanese construction group, from 9½ per cent to 9¼ per cent. The accompanying equity warrants give the right to buy shares at Y470, a 2.17 per cent premium to the market price. The issue, the first with equity warrants for some time, traded around 101.

Two Yankee bond issues appeared. One for New Zealand raises $500m, with a coupon related to money market rates. It will have an initial life of three months but can be extended to 10 years. Lead manager is Kidder Peabody. The Japan Development Bank is launching a $100m seven year Yankee bond, with a coupon fixed at the same level as seven-year Treasury securities. Lead manager is First Boston.

Now that Japanese interest rates have fallen, the postponed Samurai issue for the Inter-American Development Bank has been launched by Nomura Securities. The 12-year bonds have a 7.2 per cent coupon and 99.75 issue price.

The African Development Bank is following up its sterling issue, with an eight-year Swiss franc public issue raising SwFr 80m to 100m. Lead manager Credit Suisse gave an indicated yield of 6¼ per cent.

Banca del Gottardo set the coupon for the SwFr 120m Council of Europe issue at 6 per cent, as indicated.

Swiss franc bonds were mixed yesterday, while D-Mark issues were slightly weaker.

Nederlandsche Middenstandbank announced a five-year Euroguilder issue for Fl 125m, with a 7½ per cent coupon and 99½ issue price.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past weeks were supplied by: Kredietbank NV; Crédit Commercial de France; Crédit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Générale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourgon; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Akroyd and Smithers; Bank of Tokyo International; Blyth Eastman, Pain, Webber International; Chase Manhattan; Citicorp International Bank; Crédit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; LTCB International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co; Samuel Montagu and Co; Scandinavian Bank; Société Générale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co; Swiss Bank Corporation International; Wood Gundy. The following are closing prices for October 29.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	94⅞	95⅜	0	+0⅝	12.64
All Nippon Airways 14 94	100	107	107½	−0¼	−0¼	12.63
Amex Credit 12⅝ 88	150	99⅜	99⅞	+0¼	+0⅜	12.74
Austria Rep 13⅞ 92	100	104⅞	105⅜	0	+0⅝	12.51
Bank of Tokyo 13⅝ 91	100	103⅞	104⅜	+0⅝	+0⅝	12.63
Caisse Nat Tele 13¾ 91	100	104¼	104¾	+0⅛	+0⅝	12.60
Canadian Pac 12½ 99	75	98	98½	−0⅛	−0⅛	12.76
Chevron U.S.A. 12¼ 89	600	98½	99	—	—	12.59
Coastfed Int 12¼ 88	125	99	99½	0	+0⅛	12.46
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Change on day	Change on week	Yield
Eurofima 7⅜ 94	10	100⅞	101⅜	0	0	7.29
Int-Am Dev Bk 7½ 94	15	100⅝	101⅛	+0⅛	+0⅛	7.37
New Zealand 7⅛ 90	15	99⅛	99⅝	+0⅛	−0⅛	7.25
World Bank 7 94	20	98⅞	99⅜	0	+0⅛	7.21

Average price change On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chrysler Credit 14 91 C$	50	†100	100½	0	−0⅛	13.94
Denmark Kingdom 13 89 C$	100	†98⅞	99⅜	−0⅛	−0⅛	13.42
Fed Business 12½ 87 C$	50	†99⅝	100⅛	+0⅛	+0⅛	12.63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

FLOATING RATE NOTES

CONVERTIBLE BONDS

YEN STRAIGHTS

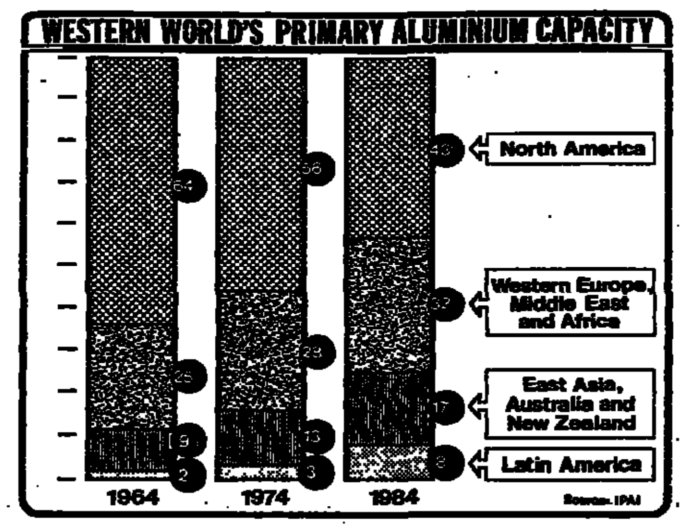
هكذا من الأصل

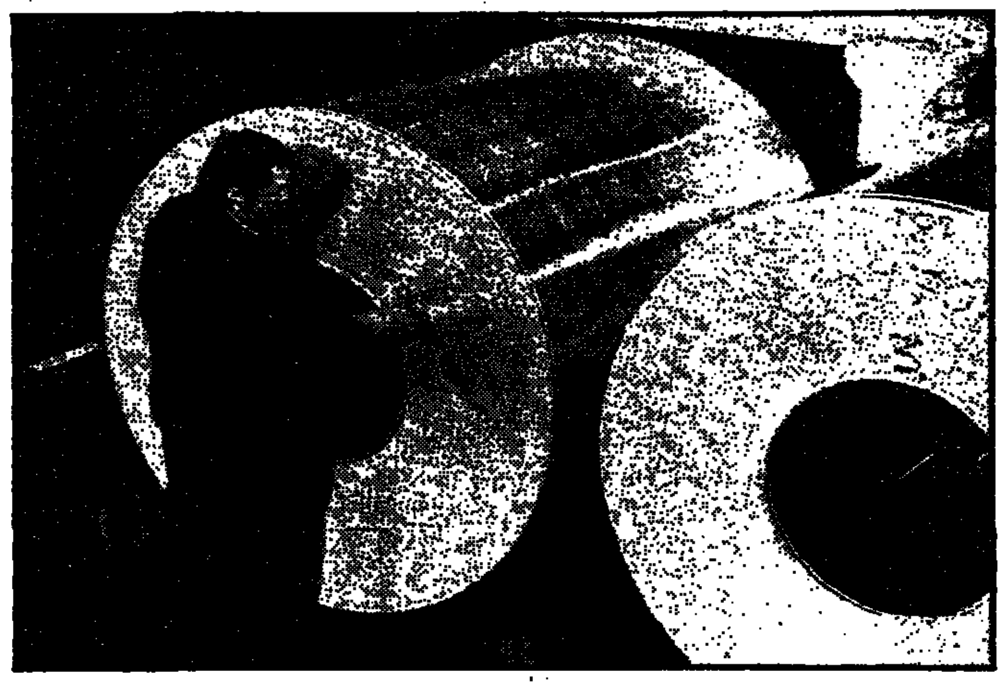
SECTION IV

FINANCIAL TIMES SURVEY

ALUMINIUM

The industry is going through the traumas of accelerated structural change. The leading producers are concentrating once again on developing new uses for the metal in the hope of creating growth.





Commercial alloy shett the most widely used aluminium product, coming off the hot line in coil fom at the Rogerstone, South Wales works of British Alcan Sheet.

Producers wake up to end of lingering illusion

BY IAN RODGER

THINGS WILL never be the same in the world aluminium industry. The sudden collapse of the metal's price last spring, at a time when demand was strong, marked the end of the lingering illusion that this industry was still controlled by a half-dozen integrated multinational companies.

The final symbolic confirmation of that change came last week when Alcan Aluminium, the largest producer, acknowledged that its world list price was no longer a useful reference in aluminium markets. Prices are now set daily by merchants, mainly in the terminal markets, such as the London Metal Exchange.

Major structural change was already under way in the industry before this year's events, but it now appears to be accelerating. In the last recession, only the Japanese and U.S. producers closed high-cost capacity. This year, the leading European companies, too, have reduced their output as prices have fallen.

The changes taking place undoubtedly offer opportunities for some, but for others the outlook seems less bright. Two second-tier U.S. producers, Atlantic Richfield and Martin Marietta, have recently decided to get out of the aluminium business completely, and other troubled companies could follow. On the other hand, Alumax, which was formed only 10 years ago by Amax of the U.S. and Mitsui of Japan, is already close to being the third largest U.S. producer.

The main cause of change in the industry has been the emergence of several new aluminium producers around the world, many of them sponsored by governments. The aluminium smelting process uses a lot of electricity, and countries with available power or raw material have seen it as a way to achieve industrial development. This trend continues, with Jamaica and Colombia agreeing last month to invest $500m in a 140,000-tonne smelter in Colombia.

Most of the new producers do not yet have local markets for most of their metal, and so they must sell it on the open market. Some have very low costs, others get government support, but the net result is a significant increase in tonnage on the market which continues to be available even when market prices are very low.

This tonnage has contributed to the depressed prices that have prevailed for most of the past four years. It has also exposed many of the integrated producers' smelters as being uncompetitive. The integrated producers resented this invasion of their industry and have tried hard to resist it. But they now accept that aluminium has become a commodity, like copper or cocoa.

Tougher life

The meaning of this change varies from company to company. Alcan, for example, has seen an opportunity to strengthen its position in the industry. The company has very low cost smelters and has maintained output in the past four years, thus making life even tougher for competitors with high costs.

Others, such as Alcoa and Kaiser, have recognised that at times it is cheaper to buy metal on the open market than to make it and so they have adopted flexible metal supply policies. The Japanese have closed down permanently most of their capacity.

It seems likely that more producers will follow this trend to dis-integration. Such a move may be difficult for some to accept, but it is not necessarily bad for the industry.

The aluminium industry's past successes have tended to come from developing new uses for the metal rather than from organic growth of existing markets and industry leaders still have a missionary-like zeal about the qualities of their metal.

Kitchen foil was a virtually unknown product 30 years ago. Now it consumes 1m tonnes of aluminium a year around the world, 7 per cent of the total. The aluminium beverage can, unknown 20 years ago, now consumes 1.3m tonnes of metal a year in the U.S. alone.

However, in the wake of the first oil crisis in 1973, most of the integrated producers dropped their emphasis on product development and concentrated instead on trying to line up low cost raw materials and energy for their smelters.

One result was an extraordinary investment binge in bauxite mining and alumina refining. Western world alumina refining capacity stands at over 31m tonnes but total production last year was only 23.3m tonnes.

Now that metal supply is unlikely to be a problem for the foreseeable future, producers say they are going back to concentrating on product development.

The average growth of aluminium consumption has slowed considerably in recent years, and some analysts think the industry has become mature. Mr David Reynolds, chairman of Reynolds Metals and the industry's senior statesman, dismisses this view. "I believe that vast untapped markets for aluminium around the world are waiting to be cultivated."

Mr Reynolds speaks with authority, having led his company in the development of a number of important aluminium markets, notably the beverage can. He decries what he calls the "ingot syndrome," and urges companies to invest in developing new products and markets.

He himself is particularly optimistic about the automotive market, now that aluminium engineers are turning their attention to basic components, such as engines, radiators and wheels, that capitalise on many of aluminium's qualities, not just its light weight.

Alcoa, Alcan and Pechiney are excited about aluminium lithium, a new lightweight alloy suitable for aircraft manufacture. Alcan is also introducing a new aluminium radiator for home heating, which takes up only a fraction of the space of steel radiators.

What remains to be seen is whether the integrated aluminium companies can develop satisfactory profits from converting the metal into products, particularly those that have to rely increasingly on the open market for their metal supply.

Prices slumped

Indeed, the increasing volatility of the aluminium market is becoming a subject of concern. No one was surprised when prices slumped to the 45 cents per pound range in 1982 because demand was also very depressed. Western world consumption that year was only 10.7m tonnes, compared with a peak of 12.5m tonnes in 1979.

Last year, consumption rose to 11.8m tonnes and prices reached 80 cents a pound by November. Consumption has continued to rise strongly this year, but prices have tumbled to the 50 cents a pound range.

Companies that had been enjoying a long needed profit recovery suddenly found their progress halted. Kaiser Aluminum and Chemical of the U.S. tumbled back into loss in the third quarter and Alcan and Alcoa both reported declines from earlier quarters this year.

Initially, many analysts blamed this year's price setback on the speed with which producers reopened smelters when prices improved. The western world production rate rose 12 per cent between September last year and March of this year. But when prices started to fade again in the late spring, many producers were equally quick to throttle back.

Now, some analysts believe that the main factor in this year's price collapse was a large one-off reduction of inventories by consumers.

Whatever the cause, the industry has been shocked by the violent swing in the LME price this year on the basis of what it sees as a minor imbalance in supply and demand, and one that was quickly corrected. If this sort of pattern continues, some say it could lead to a permanent cycle of instability. However, there is hope that, as the market acquires more participants, particularly knowledgeable participants from the industry, the volatility will be reduced.

The immediate outlook for the industry is difficult to forecasts. Most analysts see a slowing down of the economic recovery in the U.S. and Europe next year, but opinions are sharply divided on how the aluminium sector will fare. Some believe that production has been reduced enough to bring market prices back to more reasonable levels. And LME prices have been firming in recent weeks.

Others, such as M Georges Besse, chief executive of Pechiney, believe another 500,000 tonnes of capacity needs to be closed

Over the medium term, the industry is certainly in for more turmoil. While the trend to dis-integration now seems well established, it has not yet proven a financially successful structure for anyone. Many of the new primary producers that lack downstream operations have lost a lot of money. Similarly, those now trying to run internationally competitive fabricating businesses without secure sources of metal, notably the Japanese, may find that this is too tall an order.

Switch of emphasis

PROFILE

Alcoa

IAN RODGER

"WE ARE KNOWN as an aluminium company. We should be known as a materials company."

Thus, Mr Fred Fetterolf, president of the Aluminum Company of America (Alcoa) for a year and a half, highlights one of the main elements in a bold new strategy for the traditional industry leader.

Alcoa has had to give up the leadership position in aluminium to its former Canadian subsidiary because Alcan Aluminium's low cost power has over the past few years of rapidly rising energy costs given it an extraordinary advantage over all other aluminium producers.

It is a change the Pittsburgh-based company has accepted with grace, and one which has probably helped it to look more aggressively for opportunities elsewhere.

The first indication of Alcoa's new strategy emerged over a year ago when the company announced that it would never again build new primary smelting capacity in excess of its own needs. Henceforth, it would concentrate on developing downstream businesses with a view to getting higher profit margins by adding value to aluminium.

This strategy sounded sensible but, on closer examination, it did not really take the company much further than it already was. Most aluminium producers have been trying for years to develop more higher-value products out of their metal, some with more success than others. But there are clear limits.

Alcoa, for example, is the leading supplier in the U.S. market of the high-value sheet for making beverage cans with over a 50 per cent share. This single product now accounts for over a quarter of the company's revenues.

Alcoa has contemplated going the next step and making cans from the sheet, but this would bring it into direct competition with many of its customers. "I *can't see us ever deciding to be in the finished can business*," Mr Fetterolf says. "We couldn't afford to lose our customers."

Other areas are less sensitive, and Alcoa has been pressing ahead with such items as aluminium wheels for vehicles, dish aerials for receiving broadcast rigid data discs for computers and siding for houses. It has also become a subcontractor, machining aluminium billet into aircraft parts for Boeing and others.

Mr Fetterolf concedes that these are all fairly small businesses that will take some time to mature. "The process is painfully slow in a $5.5bn (annual sales) company, but I'm satisfied with the number of projects we are getting involved in. They will all have a substantial impact in a 10-year time frame."

That leaves the problem of filling in the medium term, and, for that, the company has two main strategies. First, it intends to nurture its aluminium base, trying to be the best aluminium company if not the biggest, according to Mr Fetterolf.

It remains the world's largest producer by far of alumina, the refined bauxite that is converted into aluminium through electrolysis, and claims to be *the lowest cost supplier*. It is also investing heavily in its U.S. rolling mills for making high value sheet for the aircraft and canning industries.

Japanese ahead

"In high volume sheet, we are the low cost fabricator," Mr Fetterolf claims. He acknowledges that the Japanese have moved ahead in the quality of their can sheet. "To our credit, we have responded by instituting a whole new programme based on improving quality. We are confident we can beat the Japanese on both quality and cost."

Geographically, the company will concentrate on developing its fabricating businesses in the U.S. for the foreseeable future. European operations have been reduced to a few specialised and profitable niche operations, such as a can top sheet mill in South Wales, a forging shop recently acquired in France and an alumina chemicals works in West Germany. "We are having trouble finding places where there is growth in Europe," Mr Fetterolf says bluntly.

Although it concedes leadership in the primary aluminium business to Alcan, Alcoa has become very nimble in the management of its own metal operation in the last couple of years.

It has, for example, discarded the idea that it must have adequate inventories of its own metal available for customers everywhere at all times. Instead it will buy from others, if necessary. In the last two years, it has cut inventories by 400,000 tonnes.

The company is still expanding its smelter capacity, with huge projects under way in Australia and Brazil. However, it is also being tough minded about the value of its U.S. smelters, some of which face very high power costs. Alcoa was among the first to cut production in the U.S. this year when ingot prices began their slump.

In spite of this major effort in its core business, Alcoa officials doubt that the aluminium sector will be strong enough in the next few years *to meet its growth targets*, so it is also looking for opportunities to diversify.

"Any diversification effort we have in mind would be in a fairly narrow range where we believe there is some synergy," *Mr Fetterolf says*. "But our technology is wider than we are given credit for. We are familiar with composites and ceramics. We know about forming complex shapes. We know a lot about surface treatment of metals and about polymers and laminates in packaging.

"*Most of the things we are talking about* — and we are far from settling on anything — play to the strengths we already have."

However, Alcoa is not just waiting for the right acquisition opportunity to come along. It is also shifting the orientation of its own research effort towards developing new materials.

Probably the best-known project at the moment is the company's development of aluminium-lithium, an alloy that preserves the strength of aluminium while reducing weight by 15 to 20 per cent.

Another programme is aimed at forming aluminium products through powder metallurgy. Mr Bob Spear, technical director of casting research at Alcoa's laboratories, says such products have excellent corrosion resistance and could well be applied in oil well drilling pipe.

"We are moving into a period where materials are engineered for specific uses," Mr Spear says. "We (Alcoa) are trying to acquire the technology that will get us into this field."

Mr C. Fred Fetterolf, president of Alcoa

Alcoa

	1979	1983
Revenue ($m)	4,847	5,285
Net income ($m)	505	174
Shareholders' equity ($m)	2,506	3,228
Aluminium *produced* (000 tonnes)*	1,849	1,706
Aluminium capacity (000 tonnes)*	2,020	1,964

* Worldwide, including affiliates in Australia, Brazil, Mexico, Surinam and Norway

Favourable costs aid expansion

Quebec

ROBERT GIBBENS

DESPITE weak international metal prices and revised estimates of market growth, the aluminium industry in Quebec is well into a major expansion phase based on favourable power and transportation costs.

One project, expansion of the Reynolds Metals smelter at Baie Comeau, on the St Lawrence North Shore, about 700 kms northeast of Montreal, is almost completed at a cost of C$625m.

The $1.5bn greenfields smelter of Pechiney of France is about 30 per cent completed at Becancour, on the St Lawrence South Shore, 125 kms northeast *of Montreal, and the first potline* will be on stream late in 1986. Total capacity in 1987 will be 230,000 tonnes.

Alcan Aluminium Ltd has started work on the first phase of its $1bn Laterriere smelter in the Saguenay area about 150 kms north of Quebec City, part of the long-term modernisation of its Arvida-Jonquiere smelting and chemical complex, still the largest primary aluminium producer in the Western World. Alcan says it is going ahead with the first potline only a Laterrier at this stage in the aluminium cycle.

British Columbia is the only other province where aluminium is smelted. Alcan is moving slowly on expansion of its Kitimat plant because of local environmental opposition. The company has trimmed and altered its basic planning to accommodate anxieties over the implications of adding to the Kemano hydro-electric facilities. A start is unlikely in this industry cycle.

Alcan has also made an important breakthrough for the long term with the agreement reached with the U.S. Justice Department for acquisition of most of the aluminium assets of Atlantic Richfield Co. Alcan gets a medium-sized smelter at Sebree, Kentucky, and rolling mills and foil manufacturing facilities, but can own a maximum of 40 per cent of the new Arco rolling mill in Logan City, Kentucky, for the next two years. Alcan has wanted for years to increase its U.S. market share, and is within an ace of achieving its goal.

Canadian Reynolds is adding 125,000 short tons of capacity at Baie Comeau, bringing the total to 300,000 short tons, with major additions to infrastructure. The fourth potline will be operating in the spring. The *control system on* the existing three potlines is being modernized, casting facilities expanded, and additions made to storage, wharf and rail infrastructure. Slightly more than 50 per cent of Baie Comeau's ingot is converted to semi-fabricated and finished products in Canada, and the rest moves south.

Prime locations

Canada, with its immense hydro power resources, continues a key in the worldwide restructuring of the aluminium smelting industry. For the time being, Quebec and British Columbia remain the favoured locations, because not only is the power available, but water transportation is possible for incoming raw maerials and tfor shipmen of ingot.

However, several other areas have been considered, and Aluminum Co of America (*Alcoa*) *is doing a survey in* Manitoba, where ample power is available at he lowest prices in the country.

Norwegian interests looked carefully at the Goose Bay area of Labrador, where power is available from the Churchill Falls (5,000 megawatts plus 3,500 megawatts to be developed) and year-round shipping via Lake Melville. However, the idea never got far, partly because of the isolation and the human and technical problems of a very cold climate.

The West Germans several years ago looked at the Sept Iles area on the St Lawrence North Shore, further east of Baie Comeau, where port facilities are ideal, but dropped the idea. Kaiser Aluminum and Chemical Corpn is now doing a feasibility study for a smelter there, with the tab being picked up by Canadian governments. No early decision is likely.

Pechiney's Becancour project is has a capital cost of $1.2bn plus around $300m in interest. Pechiney is managing partner, with a 50.1 per cent interest. Alumax of the U.S. has 24.95 per cent and the SGF Group, an *industrial holding company* owned by the Quebec Government, also 24.95 per cent. Each partner is responsible for finding its share of equity and debt finance and for absorbing gits share of production. But SGF can sell its share of ingot through Pechiney.

By year end, about $750m in contracts will have been awarded for equipment, and engineering, construction and other services. Steelwork for the first potline will soon be completed and covered in so that contractors can work through the winter. The anode baking plant is in similar position. Concrete footings are in for the second potline and the rest of the infrastructure.

Alumina from the Pechiney world system and other raw materials will arrive at Becan*cour Port, be unloaded automa*tically to warehouse storage, and then moved by covered conveyor belt to the smelter as required. The site is large enough to accommodate a third potline.

Pechiney *exchanged* its primary aluminium assets in the U.S. to put all its eggs in Quebec, confident that power rates will be cheaper in Canada for the long term. The Becancour smelter has a 450-megawatt firm power agreement with Hydro-Quebec running 25 years and providing for power at roughly half the normal industrial rate.

But the new smelter's average power costs, even after the *benefits of new reduction cell* technology are counted, will still be higher than the average for Alcan at its Saguenay smelters. Alcan uses its own power there.

Ingot in the form of 22-tonne slabs and extrusion billet will be shipped from Becancour Port via the St Lawrence or by train, either to Europe or the U.S.

Alcan is handling Laterriere in three phases, and site-clearing has begun for the first 82,700 tonnes potline. If markets remain favourable two more would be added by 1990 for a total of 248,000 tonnes. Alcan is using its own cell technology which gives a 20 to 25 per cent increase in power efficiency.

By 1990, with the phase-out of some old capacity at Arvida, Alcan will have nearly 900,000 tonnes of primary capacity in Quebec, including smaller smelters at Shawinigan and Beauharnois, and around 1.1m tonnes in Canada, including the Kitimat in Northern British Columbia. Alcan has also studied the possibility of building a smelter in Manitoba.

Often overlooked is spending of between $600m and $700m by Alcan at its alumina and chemical complex at Arvida. The objective is not only to modernise, raise efficiency and improve environmental performance, but also to expand its business in chemical products.

At the top of profits league

PROFILE

Alumax

LOUISE KEHOE

ALUMAX IS the number one U.S. aluminimum company in the eyes of Robert Marcus, its president and chief executive officer. While others would describe Alumax as the third or fourth largest producer in the U.S., Mr Marcus uses a different measuring stick. "*We've been number one in* profits for ten years in a row. That's the way I measure it," says Mr Marcus with a grin. "*I'm not interested in captur*ing market share. Our objective is profit growth."

Alumax will continue to meet that goal in 1984, he maintains. While some U.S. aluminium pro*ducers are reporting disastrous* losses and getting out of the business, Alumax will show "a nice big black number" on the bottom line, he promises. For the first half of 1984, Alumax reported net earnings of $77m, *up from $12.1m last year.*

Cutbacks by other U.S. and Japanese aluminium producers have created opportunities for Alumax, Mr Marcus says. "We are picking up market share from the companies that are cutting back." While the industry is growing at a modest 3 per cent per annum, Alumax has an average growth rate of 20 per cent.

Alumax is the youngster of the U.S. aluminium industry. Formed in 1974 by parent company Amax as a joint venture with Mitsui, Alumax is now 50 *per cent owned* by Amax, 45 per cent by Mitsui and 5 per cent by Nippon Steel.

The company has grown with extraordinary speed and now operates 111 plants in the U.S., Canada, Britain, France, the Netherlands and West Germany.

It has primary ingot capacity in the U.S. of 595,000 tonnes, *making* it almost as large as Kaiser Aluminium and Chemical, the third-largest producer.

The international partnership is a perfect match, says Mr Marcus. "On the one hand there was Amax, with opera*tions over a very broad base and* ambitious expansion plans that could not be realised due to capital limitations. On the other hand the Japanese companies were looking for new opportunities in raw materials. *They also felt a responsibility* to rectify the (U.S./Japan) balance of payments problem."

One of Alumax's strengths has been the availability of capital. Its parents supplied the wherewithal for a huge expansion plan. Last year, Alumax acquired the U.S. aluminium interests of Pechiney of France for $230m.

The acquisition increased Alumax operations by about 40 per cent. The company's ingot production capacity now totals about 590,000 tonnes per year.

CONTINUED ON NEXT PAGE

Imports make strong gains

North America

IAN RODGER

FOR THE U.S. aluminium industry, it is both the best of times and the worst of times.

Total shipments of aluminium this year are likely to rise a healthy 9½ per cent to a new record of about 7m tonnes. But almost all of that increase is going to importers who have stormed the U.S. market to take advantage of the high value of the dollar.

Also, despite strong demand, prices in the second half of the year have been very depressed.

Partly because of the latest price slump, the restructuring of the U.S. industry is proceeding much more quickly than many observers expected. In the past month, major deals have been announced which would see most of Atlantic Richfield's aluminium activities taken over by Alcan Aluminium of Canada, and Martin Marietta's acquired by Comalco of Australia.

"It is clear that the U.S. aluminum industry is now in the midst of a major transition," Mr Dick Schultz, marketing manager-primary metals, Aluminium Company of America (Alcoa), said in a startlingly candid speech last month.

He added: "As they emerged from the painful economic recession of 1981 to 1982, U.S. producers came to the realisation that they were less and less able to influence the environment in which they operate."

Mr Schultz and others believe that future growth in the U.S. industry will take place mainly downstream, in fabricating intermediate and end products. Before the 1973 oil crisis, primary smelters in the U.S. had lower cash costs than most in the Western world.

But the price of energy, a major cost factor in aluminium smelting, has risen dramatically in the U.S. and now smelter costs there are at, or slightly below, the average. That would still seem to be a fairly strong position, given the large size of the U.S. market, but many high-cost smelters outside the U.S. are government supported and so do not necessarily respond to market forces.

The result is that U.S. producers, which have a third of the Western World's primary capacity, have suddenly had to take up the role of swing suppliers. When ingot prices started to tumble last spring, Alcoa, the U.S. industry leader, cut its annual U.S. production rate by 100,000 tonnes, Kaiser Aluminium and Chemical, the second largest producer, made a 42,000 tonne cut at the same time and two other major companies, Reynolds Metals and Martin Marietta, soon followed the trend.

Weak prices

Meanwhile, imports have continued to surge. Even though prices are weak, many foreign producers find it more profitable to sell into the U.S. for dollars than in their home markets. This year, ingot imports into the U.S. are expected to total more than 1.8m tonnes compared with 900,000 tonnes in 1980.

A few very high cost U.S. smelters have been closed for good in the past three years, and others are expected to follow. And because U.S. energy rates are expected to remain high, there is little hope of any new smelters being built in the next few years. "There is no place in the U.S. where anyone would build a smelter today," an Alcoa official says.

"It appears from today's vantage point that the U.S. will never again produce as much primary aluminum as it did in 1980," Mr Schultz said in his speech.

This situation has already given rise to three new trends.

● U.S. producers are investing heavily in new, low-cost smelters elsewhere. Alcoa has revived its $958m Portland project in Australia, has just arranged to double the capacity of a smelter in Brazil and is studying the feasibility of building a smelter in Manitoba, Canada.

Reynolds is expanding its smelter in Quebec and Kaiser is conducting a feasibility study for a smelter in Quebec.

● Foreign producers, which already have low-cost smelters in their own countries, are buying aluminium fabricating plants in the U.S. to secure outlets for their metal. Apart from the recent Alcan and Comalco moves, last year Alumax, in which Japanese interests have a 47.5 per cent stake, bought the U.S. fabricating plants of Pechiney of France for $230m.

● The leading U.S. producers are investing heavily in upgrading their own fabricating plants to remain competitive. They are also working hard to build up the recycling system so that they can reduce the average costs of their metal.

Secondary smelting consumes only 95 per cent less energy than that used in primary smelting. Recycling is already highly developed, providing about a quarter of U.S. consumption of aluminium.

The most pronounced trend so far, however, has been the sharp increase in imports of fabricated products this year. In the first seven months of the year, they were up 89 per cent over the same period of 1983 to nearly 300,000 tonnes, and it now looks that they will take nearly all of the forecast 9.5 per cent rise in U.S. shipments this year.

U.S. producers agree that the main cause of this surge is the high value of the dollar and the opportunity it offers foreign producers to improve their revenues per tonne of sales. Europe is the main source of the imports, which are mainly of standard sheet and plate. Japan has been a strong supplier of high-value sheet for making beverage cans.

U.S. producers are certainly unhappy about this invasion of their market, claiming that it plays havoc with pricing, especially in the stockholder market. But they recognise that it is a reversal of the situation in the late 1970s when they could get higher margins by selling their output in Europe.

There is little or no chance that the U.S. aluminium industry will follow the U.S. steel industry in seeking protection from imports. The major producers believe, with considerable justification, that they are the world leaders in light metal technology and that their fabricating plants are internationally competitive.

Also, unlike the U.S. steel companies, they have substantial interests abroad and would be hurt by any disruption to trade.

Uncertain outlook

The immediate outlook for the U.S. aluminium industry is very uncertain. Producers have been reporting continuing strength in orders but are nervous about the course of the economy next year. Also, even if volumes do remain high, low ingot prices and the effects of the high dollar may well continue to depress their financial results.

Kaiser slipped back into a net loss of $12.5m before extraordinary items in the third quarter after returning to profit in the first half of 1984. The chairman, Mr Cornell C. Maier, said he was optimistic that the aluminium division would become profitable next year, "but we'll need improvement in volume and prices for that to occur."

The medium-term outlook is equally difficult to forecast. Some producers believe that the real cost of aluminium could decline in the next few years, partly because of the impact of low-cost imported metal, partly because of recycling. That would enable them to continue to develop new markets and fight off competition from other materials, such as plastics.

"We see more opportunities here than outside North America," Mr Bill Bourke, president of Reynolds, says.

At the top of profits league

CONTINUED FROM PREVIOUS PAGE

Alumax has also been expanding its production facilities in both primary aluminium production and in semi-fabricated goods. The company has a 25 per cent interest in a 225,000 tonne smelter that is under construction in Quebec and is building a sheet metal plant in Texas.

Alumax is still in an expansive mood according to Mr Marcus. While he does not anticipate any major acquisitions in the near future, he says that Alumax will continue to expand its current facilities and to make "small" acquisitions to round out our product line.

Mr Marcus, 57 is the protegé of Ian Macgregor, former president of Amax and now chairman of the Coal Board in Britain. Mr Marcus runs Alumax as a highly decentralised company. Each of the 105 plants is "run very much as private enterprises—each is an individual profit centre," he explains.

While day-to-day decisions are handled by individual operations managers with little or no direction from Alumax headquarters, "we control the pocket book," he says.

It is going to be a real challenge to retain the entrepreneurial spirit that is evident at Alumax as the company continues to grow, Mr Marcus concedes. "We have to sustain that feeling. We have got to be careful that our bigness does not overpower our operating units. We have to ensure that they still feel quite independent."

The toughest decisions are, however, made at corporate level. Last month Alumax cut ingot production by about 40,000 tons. "You have to be very sensitive to inventory levels and the marketplace," he explains. With current prices considerably lower than the cost of production, it is "judicious to take a modest cutback."

The recent market downturn is "self-inflicted" by U.S. producers, Mr Marcus charges. "Demand was pretty good, but then prices went up too fast. The industry brought back all its closed production capacity at one time. If it had been done gradually, with moderation, most of it (the price decline) would not have happened.

If the market improvement continues for over a year there will be a balance between supply and demand, Mr Marcus predicts. Current cutbacks in production could help to bring that balance closer. "But I'm no soothsayer."

Others might argue that he is. During thet 1981-82 recession Alumax seemed to have advantages of a crystal ball. The company called the market exactly right, depleting inventories to only two weeks' supply before the recession began and then building up inventories until prices began to rise. Throughout, Alumax refused to lower its price below 49c, while the market price fell to 44c.

The "big gamble" paid off. Alumax reported a $82m operating profit in 1982, while its three major competitors—Alcoa, Reynolds and Kaiser—reported combined pre-tax operating losses of $260m. "That was our finest hour," Mr Marcus says.

In search of new markets

KARSH OF OTTAWA

Mr David Reynolds, chairman of Reynolds Metals; a strong national brand image

PROFILE

Reynolds

IAN RODGER

REYNOLDS METALS is a special case in the world aluminium industry. It is the only major producer that has a strong national brand consumer product. Reynolds Wrap has over 50 per cent of the huge U.S. market for kitchen aluminium foil.

It would be difficult to exaggerate the importance of this distinction. It gives Reynolds, the second largest U.S. producer, a unique entry into the high margin world of end-products that all aluminium producers covet.

The company claims the highest revenue in the industry per tonne of aluminium sold, and that means, for example, that it can take a slightly more relaxed view of the cost of producing metal than many of its competitors.

For Reynolds, the more important thing is to have a secure and constant supply of metal to convert into the money-spinning Reynolds Wrap and other aluminium-based end products, such as beverage cans.

"We would like to consume every pound of metal we produce, and produce every pound we consume," Mr David Reynolds, chairman, says.

This is one key to the new strategy that has been emerging from Reynolds headquarters in Richmond, Virginia in the past few months. The company, which has been directed by the Reynolds family since its beginnings in 1919, is going through major changes. Mr Reynolds, who is 69, plans to retire "in a year or so" and two senior executives have been brought in from outside the company.

William O. Bourke, formerly an executive vice-president and director of Ford Motor Company, joined Reynolds in 1981 and became president early last year. Mr Bern Crowl left Amax, where he was executive vice-president and chief financial officer, last year to take up the same job at Reynolds.

REYNOLDS PROFILE

	1979	1983
Revenue ($m)	3,435	3,388
Net income (loss) ($m)	177	(99)
Shareholders' equity ($m)	1,169	1,229
Aluminium production ('000 tonnes)	994	631
Aluminium capacity ('000 tonnes)	1,045	942

To a large extent, the strategy now emerging is not so much a new one but a fresh commitment to what the company has been doing all along, mainly developing new markets for aluminium.

Reynolds has a long, proud tradition in this area. In addition to being a pioneer in aluminium foil, the company introduced the 12-ounce all-aluminium beverage can in 1963 and later developed the recycling programme that made it a competitive and environmental success.

Reynolds has taken a different approach from its competitors to the can market, deciding from an early stage that it would make cans itself, rather than just sell sheet to the established can makers. Mr Reynolds says it was the only way to win the business in the early days because the can makers were reluctant to invest in plant to make the aluminium cans.

"People used to say the aluminium can was coming, but nothing happened. We had to go into it to make it happen." But this brash approach has been costly. Other can makers don't like to buy metal from a competitor, and Alcoa long ago passed Reynolds to become the leading supplier of can sheet.

Reynolds has also developed many other aluminium products, not just in packaging but also for car parts and building products.

Now it wants to do those things in more disciplined and efficient ways, such as taking better advantage of its established name in consumer markets. Two years ago, for example, the company launched a plastic foil wrap on the market, and was pleasantly surprised to find that it was an immediate success. "I don't think the company realised the gem it had in its name," Mr Bourke says.

The company's roots are in packaging, rolling foil for wrapping the cigarette packets of a sister company, and Mr Bourke points out that almost 60 per cent of its sales—and much more of its profits—still come from this market. "Our name could as easily be the Reynolds Packaging Company," he says.

Despite its unique position, Reynolds has suffered along with its competitors in the depressed environment of the early 1980s. It had large pre-tax losses in 1982 and 1983 and has closed a high-cost smelter in Texas and a few old fabricating plants at a cost of nearly $128m in the past three years.

Today, Reynolds upgrades nearly all the metal it produces. Last year, it earned only 5.8 per cent of its revenue from primary metal sales; Alcoa derived nearly 9 per cent of its revenue from this source.

The company has also been investing heavily in improving its main fabricating plants, notably a $125m modernisation of its sheet and plate plant in Illinois completed last year.

The combined effect of all these projects and closures has put some pressure on the balance sheet. Net borrowings at June 30, 1984 amounted to $1.25bn, roughly 90 per cent of shareholders' equity. Mr Crowl says the bulk of the capital spending programme has been completed and debt should be below 80 per cent of shareholders' equity "within the next couple of years."

Despite the latest slump in aluminium prices, Mr Reynolds disagrees with those who claim that aluminium has become a low growth metal. "There are enough good things we haven't done to keep us going. I believe people have got fat and happy in the last eight or ten years and forgotten how to sell."

Aluminium 4

A roll again for profits

UK

IAN RODGER

BRITAIN'S ALUMINIUM industry is in much better health than most people would have expected two years ago.

Primary production reached 25,700 tonnes last March, the highest monthly rate since 1981 when British Aluminium closed its 100,000 tonne per year smelter at Invergordon in Scotland. In 1980, primary output averaged 31,200 tonnes a month.

Perhaps more important, shipments of semi-finished aluminium should come close this year to the 420,000 tonne peak reached in 1979, showing the resilience of the fabricating sector. Indeed, this sector is looking stronger than it has done for many years.

British Alcan Aluminium, the new company formed when Alcan Aluminium (UK) took over British Aluminium in late 1982 and now the only integrated producer in the country, is making handsome profits. The two predecessor companies had combined losses of £86.5m in the two years 1981-1982. But British Alcan reported an operating profit of £38.1m in the first half of 1984, nearly as much as the Alcan UK and Baco combined made in the whole of 1979.

The company has gone through a major rationalisation programme, closing a number of works, reorganising operations and reducing manpower from 13,000 to 10,000.

The main changes have been in the rolling sector. Hot rolling has been concentrated at Rogerstone in South Wales along with cold rolling of foil stock, lithographic sheet and closure sheet. Meanwhile, at Falkirk in Scotland, the hot mill has been closed and the cold mill dedicated to making sheet for building and aerospace products.

Mr George Russell, managing director of British Alcan, says the rolling division has been at break-even for the past six months. Two years ago, Rogerstone alone was losing £2m a month.

The extrusion division has been concentrated mainly on one site at Banbury but split into six operating companies in order to be more responsive to market conditions.

Elsewhere in industry, the same pattern of recovery can be seen. Alcoa of Great Britain's sheet mill in South Wales was almost closed in 1980 because of heavy losses. Instead, its product line was streamlined and it is on the way to making its first profit this year since 1977. Alcoa claims that this plant supplies sheet for over half the beverage can tops and pulltabs in Europe.

The foil plant of Alusuisse in the West Midlands is another recovery case. "The productivity has increased tremendously," Mr Emmanuel Meyer, chairman of Alusuisse said recently.

In the stockholding sector, Amari, whose shares were floated on the London stock market last July, has built up its share from 12 per cent in 1979 to 17 per cent this year. It now claims to be among the top three stockholders in Britain and the largest independent. The group suffered a loss of £805,000 in 1981, but this year it is forecasting a pre-tax profit of £5.4m.

The one major setback for the industry was the failure of an attempt by Alcoa a few years ago to promote the use of aluminium in beverage cans and to establish a recycling campaign to go with it. Unfortunately for Alcoa, it proved difficult to beat the British Steel Corporation's tinplate division, and the Cash-A-Can recycling programme never really got established.

Last year, Alcoa stopped manufacturing can body sheet in South Wales and abandoned the Cash-A-Can programme.

For most aluminium product makers and distributors, 1983 and the first half of this year have been very satisfactory. However, since mid-year, they have been hit by a number of unusual factors that have taken the sparkle out of the market.

Electricity

Production at British Alcan's smelter at Fort William, for example, had to be cut back in September by 12 per cent because of a shortage of rainfall in the Scottish highlands during the summer. More serious, the company has shut down the coal-fired power stations that serves its smelter at Lynemouth in Northumberland because stocks have run down during the coal strike.

For the moment, the company is continuing to operate the smelter, buying electricity from the Central Electricity Generating Board.

Mr Russell acknowledged that these two problems would reduce British Alcan's profitability in the second half.

In the main fabricating sectors, prices are said to have held up reasonably well in sterling terms despite the sharp decline in ingot prices. Volumes too have remained reasonably steady, but the pattern of ordering has become disconcertingly erratic.

"It has been a fairly volatile year," said Mr Brian Turner, managing director of Indalex, the Rio Tinto-Zinc subsidiary that is a leading extrusion maker.

Opinions vary on the outlook for next year, but no one expects a large movement either up or down. So, as elsewhere, aluminium suppliers in Britain are trying to get back to the business of promoting new uses for their metal as a way of stimulating the growth of consumption.

The extrusion sector, for example, has just launched a major promotion campaign to encourage engineers and industrial designers to think of the unique characteristics of their process.

"The process makes possible the production of almost any profile or section tailored precisely to its function to reduce subsequent machining and assembly costs," Mr Richard Cowdell, chairman of the Aluminium Extruders Association, says.

One good example of innovation with extrusions is a new radiator for home heating developed recently by British Alcan. Because of aluminium's excellent heat transmission properties, an aluminium radiator can be much smaller than a steel one required to yield a similar amount of heat.

A rich mixture cooking away

Brazil

ANDREW WHITLEY

BRAZIL HAS all the basic ingredients to be one of the world's leading aluminium producers by the end of the century: a super-abundance of bauxite, low energy costs and a potentially large domestic market.

Proven bauxite reserves stand today at 3.3bn tonnes, 14 per cent of the global figure. However, annual national output, of 5m tonnes, amounts to less than 7 per cent of current world production—a clear indicator of the scope for growth.

The proven reserves figure ranks Brazil third in the world, after New Guinea and Australia, but new finds are being made all the time, especially in the Amazon region, and these are likely soon to push Brazil up into second place.

As for electricity, the potential hydro-electric power available is equally enormous. The only problem is that most of the more prolific rivers are in remote parts of the Amazon, requiring heavy investments to tap their power and transmit it to users.

A key to the recent development of an export-orientated aluminium industry in northern Brazil has been the Tucurui dam on the Tocantins river, south-west of Belem. With an eventual installed capacity of 8,000 MW, Tucurui will be officially inaugurated next month.

Tucurui is the major power source for the newly-completed Alcoa/Shell aluminium complex at Sao Luis, on Brazil's northern coast. And it will be the exclusive supplier of electricity to the giant alumina and aluminium plants being built by a Japanese consortium near Belem.

Plans shelved

Other HEP dams are planned for the upper reaches of the Tocantins and its tributary the Araguaia, as well as on rivers in the west and north-west of the country. Many of these plans were shelved with the slowdown in the domestic economy after 1981, which coincided with Brazil's foreign debt crisis. But they could be revived at short notice, provided the investment capital could be found.

Reliable, long-term customers would be less of a problem to find depending on the federal government's energy pricing policies. At present, the average tariff charged to the aluminium industry is 15 mills (1.5 U.S. cents) per kilowatt hour, varying according to region and ownership of the plant.

The Alumar plant, owned by Alcoa and Billiton, the Shell subsidiary, benefits for example, from an electricity pricing formula linked to the prevailing world price for aluminium ingots. Alumar gets 15 per cent off the basic electricity grid tariff for being in a development region, with a ceiling set at 20 per cent of the ingot price.

Albras/Alunorte, the Belem plants being built by the Japanese in association with Companhia Vale do Rio Doce, the state-controlled Brazilian mining company, are believed to have got an even better deal because of the government's stake in the project.

On the other hand, Billiton complains that costs are comparatively high at its new aluminium smelter near Rio de Janeiro, despite the fact that this is another joint venture with CVRD.

Valesul, the Billiton/CVRD plant, which has a present capacity of 80,000 tonnes a year, barely breaks even on a cash operating basis. Alumar, inaugurated in August, does rather better, but, to improve its economics, a second pot line is now being installed, raising primary aluminium capacity to 230,000 tonnes.

In world terms, Brazil's electricity charges are reasonably good. They are on a par with Indonesia, for example, but they are well above the rates prevailing in Canada and more expensive than those in neighbouring Venezuela, a rival producer.

Unlike Brazil, in Venezuela most aluminium making capacity is in government hands. As Tom Pickard of Alcan says: "They don't care if they produce a reasonable rate of return. They can always sell the aluminium, no matter what the world price, and keep the jobs."

By contrast, until CVRD's entry into the market in 1982, through the Valesul plant, the processing side of the business in Brazil had been entirely in the hands of private companies.

Alcan was first, in 1951, followed by CBA, part of Votarantim, the giant Brazilian industrial group. Alcoa then followed its Canadian rival into Brazil, with Billiton and CVRD as the newcomers.

Reynolds, after having been repelled by the government in the mid-1970s, is today in active negotiation with CVRD on increasing its tiny stake in Valesul. The U.S. company is also reportedly planning to establish an aluminium canning line, Brazil's first.

VAW, the German state-owned company, has for years been considering a 220,000-tonne aluminium smelter at Recife, at a cost of US$ 831m.

The Japanese have, characteristically, been taking a cautious approach to their own enormous investments in the Belem plants. Budgeted at US$2.5bn, these will eventually produce 800,000 tonnes of alumina and 320,000 tonnes of aluminium ingots.

Partners in the Nippon Aluminium Company are 31 Japanese companies, including five producers, ten consumers, ten trading houses and a bank. Together they hold a 49 per cent interest in Albras, the aluminium plant, and 40 per cent in Alunorte, which will produce the alumina.

Against continual pressure from CVRD to keep to the original schedule, the time table on these plants was drastically slowed down. Albras will bring its first line on stream in the second half of 1985, but alunorte has been put back to 1988—meaning that the smelter will be on the market for up to 320,000 tonnes of alumina a year for two to three years.

Where this will come from is still uncertain, although neighbouring Surinam is a strong possibility. Until alumar came on line this year Brazil had been a net importer of alumina, much of it coming from Surinam.

Alumar, because of its coastal position, is also the first domestic customer for Brazil's biggest bauxite mine, at Trombetas on the north bank of the Amazon. Trombetas, operated by a consortium led by CVRD, Alcan and Shell, is likely to produce 4.3m tonnes this year.

The domestic aluminium industry is well established in southern Brazil, in Minas Gerais and Sao Paulo states, but a major reason why consumption has not grown as fast as it could have done has been the absence of the all aluminium can.

Venezuela's aluminium usage, equivalent to four kilogrammes per head, is double that of Brazil, and the can is responsible for a big part of that difference. Whether or not it takes off in Brazil, which has a population of nearly 130m and a huge beverages market, is a question that all the major aluminium producers would like to be able to answer. It could transform their present, export-orientated strategies.

Faced with a domestic market which this year is expected to sink back to 1976 levels, of around 270,000 tonnes, exports have become the salvation of the industry. Alcoa, Alcan and Valesul are mostly responsible, CBA confining itself to its traditional domestic market.

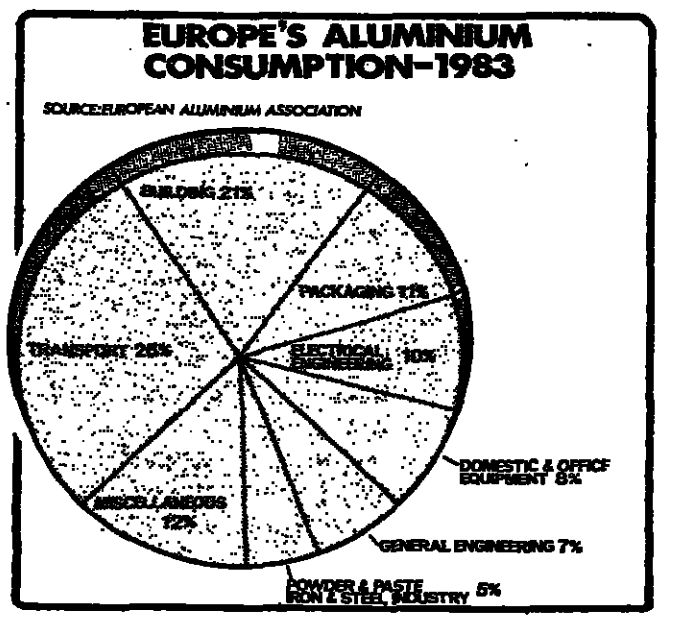
Between 1982 and 1983 Alcoa's exports leapt from U.S.$4.5m to U.S.$50.3m. Alcan's figures went from U.S.$17m to US$63m, with the Canadian company selling everything from windows to Saudi Arabia to pressure cookers to the US.

The trend is undoubtedly moving fast towards downstream products, which produce a more reliable return than selling ingots, but the extent to which aluminium producers in Brazil should be commiting themselves to export markets, at the expense of their home base, is currently giving them all much food for thought.

Off on a trail of reorganisation

Europe

IAN RODGER



EUROPE'S aluminium producers have at long last accepted the spirit of restructuring.

There have been major reorganisations in France and Spain in the past year, capacity closures in most countries, and indications of more upheaval still to come.

Until recently, European producers had been remarkably slow in reacting to their significant competitive disadvantage in the aluminium smelting sector: the lack of low-cost electricity in most countries, except Norway.

However, most companies took huge financial losses in the 1980-82 recession rather than face the need to restructure. Analysts attributed this preference to the fact that most of the aluminium producers in Norway, West Germany, France, Italy and Spain are owned by governments which did not want to destroy jobs.

They probably hoped that, as in the past, losses could be recouped when the notoriously volatile aluminium industry recovered.

Shortlived

Unfortunately, the recovery, when it came late last year, was surprisingly weak and shortlived, leading to a recognition that Europe's producers might never recover their losses.

Signor Giuseppe Callaioli, chief executive of Alluminio Italia, expressed that recognition at a European Aluminium Association meeting in June when he predicted that no new greenfield smelter would be built in a European country, with the possible exception of Norway, in the foreseeable future. He also predicted there would be more smelter closures in Europe.

France's state-owned Pechiney, the largest producer in Europe, went through a major reorganisation last year, disposing of marginal businesses, closing four of its 11 smelters in France, and reducing its interest in a Spanish company from 67 per cent to 37 per cent.

These and other moves enabled the company to make an operating profit in 1983 for the first time in three years. This year, the company has maintained its market-responsive stance, announcing in July that it would cut its European annual production rate by 70,000 tonnes because of weak demand and prices.

In Spain, the aluminium industry has been in a state of confusion since October, 1982, when Aluminio Espanol went into receivership because its two owners, the Spanish government and Pechiney, could not agree on restructuring. A deal was finally worked out last Sepember under which Pechiney could not agree on renot agree on restructuring. A deal was finally worked out last September under which Pechiney's stake was reduced.

Meanwhile, Alcan Aluminium of Canada, raised its minority stake in another Spanish government-controlled producer, Endasa. Now the two companies are about to be merged.

As in France, production cutbacks have occurred, with one 14,000-tonne smelter closed and another partially closed. Also, the Spanish Government launched a fresh drive early this month to reduce overmanning in state-owned industrial companies.

Elsewhere in Europe, most producers have been cutting production or at least signalling that they will make cuts. Alusuisse of Switzerland, the second largest producer in Europe, said a few weeks ago that it was considering a 10 per cent cut in overall output. It has smelters in Switzerland, West Germany, Austria, Norway and Iceland, and a 50 per cent stake in an Italian producer.

VAW, the state owned West German producer, is closing permanently its Lippewerk Luenen smelter in the fourth quarter. The smelter is one of the oldest in the country and has a capacity of only 15,000 tonnes. In response to market pressure, VAW has also cut production at its Inn smelter by 14,000 tonnes, and another at Lippe by 15,000 tonnes.

Future role

Allumminio Italia, another state-owned company, cut production in August at its Bolzano and Porto Vesme smelters by 16,000 tonnes, and then cut Bolzano again this month by another 15,000 tonnes. SAVA, the company jointly owned by the Government and Alusuisse, has yet to make a move, but Mr Emmanuel Meyer, chairman of Alusuisse, said again in April that his company's future role in the venture was still in question.

Britain's aluminium industry led the restructuring trend in 1981 when the British Aluminium smelter at Invergordon in Scotland was closed. A year later, Alcan Aluminium UK and BA, both of which were suffering huge losses, merged. The new company, British Alcan Aluminium, which is wholly owned by Alcan, closed a number of fabricating plants and is now highly profitable.

It is far from clear how much more primary capacity in Europe will be closed, either temporarily or permanently. Like producers everywhere, Europeans have been taken by surprise by the rapid turndown in primary prices this year. For most of them, business in the first half was very good and the trend, until June clearly upward.

Even in June, most producers were saying that market weakness was due mainly to the approach of summer holidays.

In fact, the figures now show that European markets have remained weak throughout the year, and that most of the upturn producers noticed in the first half was due to the strength of exports, particularly the attractive U.S. market.

The European Aluminium Association has just reported that primary production in the 13 European countries which it represents was up 9.6 per cent in the first half to 1.76m tonnes and capacity was almost fully utilised. Output of secondary smelters was up 5.4 per cent in the first half. No figure is available for the comparable period, but output in the full year 1983, was 1.1m tonnes.

However, production of semi-finished aluminium sheet, plate, wire rod and extrusion billet was up only 3 per cent in the first half to 1.98m tonnes, and Dr Lenore Ernst, secretary-general of the EAA, said that growth was probably entirely attributable to exports.

Dr Ernst said the West German and Scandinavian markets were showing some growth, but France, Spain and Italy remained very weak.

One reason for the slow growth is that aluminium usage is still relatively low in Europe, 13 kg per capita, less than half the figure for the U.S. Also, it is concentrated in mature markets, such as window frames, truck trailers and foil packaging.

European aluminium producers are embarrassed about figures like these, especially those showing the failure of the aluminium beverage can in Europe. In the U.S., 92 per cent of beverage cans are made of aluminium, in Europe less than 3 per cent.

Aluminium industry representatives attribute this situation in large part to the fact that the steel industry in Europe has considerable government support. They still believe that aluminium will one day displace tinplate, and if it happens soon it could provide handsome growth for the producers.

One producer recently estimated that the amount of aluminium can sheet required in Europe might rise by over 200,000 tonnes by 1992.

To create some new growth in demand for their metal in applications like this, European producers are launching a publicity campaign. Time will show how effective this attempt will be.

World primary aluminum industry production

('000s metric tonnes)

Country	1983	1982	1973
NORTH AMERICA	4,484	4,380	5,090
Canada	1,091	1,065	942
U.S.	3,353	3,274	4,109
Mexico	40	41	39
SOUTH AMERICA	932	766	[illegible]
Argentina	136	138	—
Brazil	401	299	112
Suriname	50	60	52
Venezuela	345	269	24
ASIA	1,331	1,394	1,604
Bahrain	171	171	103
China—Mainland	381	372	150
China—Taiwan	—	10	35
India	204	217	154
Indonesia	116	31	—
Iran	36	36	34
Japan	256	351	1,097
North Korea	10	10	—
South Korea	13	15	31
Turkey	29	36	—
United Arab Emirates	115	145	—
AFRICA	392	459	248
Cameroon	36	37	44
Egypt	150	141	—
Ghana	43	174	151
South Africa	163	107	53

('000s metric tonnes)

Country	1983	1982	1973
OCEANIA	712	548	323
Australia	475	381	207
New Zealand	237	167	116
EUROPE	5,913	5,880	4,676
Common Market Countries	1,912	2,009	1,661
France	361	390	359
Germany, West	730	723	533
Greece	140	135	144
Italy	196	270	184
Netherlands	236	251	190
United Kingdom	249	240	251
European Free Trade Association	1,047	962	949
Austria	94	94	89
Iceland	78	77	72
Norway	716	637	621
Sweden	83	79	82
Switzerland	76	75	85
Other	2,954	2,909	2,066
Czechoslovakia	34	34	48
Germany, East	60	58	92
Hungary	74	74	68
Poland†	42	43	102
Romania†	107	208	142
Spain	357	367	162
USSR	1,996	1,878	1,361
Yugoslavia	284	247	91
WORLD TOTAL	13,764	13,427	12,129

† Includes secondary

Source: Aluminium Association (U.S.)

Nationalisation proves a tonic

PROFILE

Pechiney

PAUL BETTS

M. GEORGES BESSE, chairman of Pechiney since the large French aluminium group was nationalised by the Socialist Government, likes to remind people of the old French saying that what is good for Pechiney is also good for France.

Certainly, nationalisation has so far proved a tonic for Pechiney. The French aluminium group was able to shed its heavy lossmaking chemical businesses, which were largely taken over by the Elf Aquitaine oil group, and launch a restructuring programme which has now borne its first fruit.

With some FFr 4.8bn ($505m) in financial support from its new and sole shareholder, the French Government, during the last two years to back its restructuring efforts, Pechiney has now returned into the black. After reporting a huge FFr 2.8bn loss in 1982 and reducing it to FFr 463m last year, Pechiney has recently announced net earnings of FFr 307.5m for the first half of this year.

The profits reflect the general turnround in the aluminium sector last year which, however, has now been followed by a particularly sudden collapse of the market. This is likely to be translated in lower second-half earnings this year for Pechiney.

But the return to profit also reflects in large measure the restructuring programme which M. Besse has conducted.

M. Besse's strategy is essentially based in transforming Pechiney's traditional aluminium operations into a cost-effective and competitive business at the same time as developing the group's activities in new technological and high performing metals and metal fibraction sectors.

In France, Pechiney is investing FFr 900m to reconvert the Saint-Jean de Maurienne aluminium plant which will eventually have 120,000 tonnes a year of modern efficient capacity. It envisages later at some unspecified stage some FFr 3-4bn of additional investments largely designed to reconvert the Nogueres plant in south western France into a 175,000-180,000 tonne facility.

Facilities shrink

When completed, Pechiney will see its French production facilities shrink from six plants to two large modern facilities and perhaps a third plant.

M Besse pulled off a coup by negotiating with Electricite de France (EdF), the French electricity utility, supplies of low cost electricity totalling 2bn Kwh. This was done by EdF agreeing to sell Pechiney a stake in an unspecified French nuclear power plant. M Besse is now trying to negotiate a similar agreement for another 3 Kwh.

But other French industrial groups, among them the Elf-Aquitaine oil group, have since sought to negotiate similar deals with EdF. Under the circumstances, EdF has been dragging its feet in the current negotiations with Pechiney because it is worried about the impact another deal could have on the general principles of electricity pricing in France.

In his quest for low electricity supplies and modern facilities, M Besse also engineered a major redeployment of Pechiney's North American assets. He sold Pechiney's aluminium interests to Alumax for US$230m and shifted his North American aluminium operations to Canada.

Pechiney had been offered attractive electricity pricing terms by Quebec to build and operate a smelter at Becancour on the St Lawrence River.

Although Pechiney has made a remarkable recovery in the last two years, M Besse appears preoccupied about the future. Pechiney, with its large operations in France and Cameroon (the so-called French franc zone), has benefited from the dramatic rise of the U.S. dollar against the franc. This has helped to offset some of the impact of the recent aluminium price and demand slump.

Like every other major producer, Pechiney has also had to cut back 70,000 tonnes of European production this summer in the face of the market decline. And M Besse believes there is still another 500,000 tonnes of excess capacity in the market.

Pricing structure radically changed

Futures

JOHN EDWARDS

THE SHARP decline in aluminium prices during the past year, after the boom in 1983, underlined the powerful influence being exerted these days by the futures markets. There was a relatively minor change in the metal's fundamental supply-demand situation, yet prices came down in spectacular fashion.

As the producers warned when bitterly opposing the launch of the London Metal Exchange aluminium futures contract in 1978, the whole pricing structure for ingots has radically changed, with far greater volatility and uncertainty being introduced.

The traditional system, under which the big producers sold at known fixed prices that only occasionally changed, has been undermined by the futures markets offering alternative daily quotations, reflecting more quickly the trends not only in the aluminium industry but also external economic and political influences that might affect the industry too.

Exchange rates

It is a different game that producers have been forced reluctantly to learn to play. After some resistance they have accepted that futures markets are here to stay, whether liked or not, and are starting to adjust accordingly even while maintaining the semblance of the producer price system for the time being at least.

The entry of many new producers into the industry, some of whom are more concerned with earning foreign exchange than profits, has already made it difficult to sustain a fixed international world producer price; so have the fluctuations in exchange rates.

As a result the futures market have come to be accepted as a pricing media, which builds in all the possible influences affecting values, not just the cost of production or the immediate supply-demand situation.

Mr Richard Schultz, primary metals marketing manager for Alcoa, speaking at the Metal Bulletin's international aluminium conference in Munich in September, noted that producers were trying to adjust to a world where, in the short term, the costs of production have little relation to the price at which the ingot is sold.

Expectations, whether realised or not, tended to dominate futures prices. The LME quotations were an indicator of what people think will happen in three months time, rather than what is actually happening at the moment.

Anticipatory pricing, totally unrelated to cost, was nothing new for copper producers, Mr Schultz said. However, for the aluminium industry it has become a dramatically different way of life. The activity of metal merchants and the role of the LME in determining prices had strained the historical relationship between ingot producers and consumers.

The London Metals Exchange market in futures exerts a powerful influence.

Producers have been unwilling to move prices up and down daily with every gyration on the LME. Consumers, however, had mostly succumbed to the temptations (cheaper prices) offered by metal merchants.

Mr Schultz commented that sellers of ingots nowadays used the LME quotations as a basis for selling most ingots throughout the Western world. Mr Schultz forecast that U.S. producers will eventually recognise both the legitimacy of the LME as an important determiner of ingot prices. Quite an admission from one of the leading producers, who greeted the introduction of aluminium futures trading with suspicion and contempt.

There are numerous other signs that producers and consumers have accepted futures as a basis for realistic pricing, in spite of constant criticism that the futures markets are distorted by excessive speculation.

Kaiser Aluminium in a recent deal with the Ghana Government used LME quotations in the terms of the contract, while the Japanese recently put pressure on Venezuela to replace the Alcan producer price used in the original contract with LME quotations to provide a better indicator of the state of the market.

Many producers, and consumers, now freely use the futures markets for hedging, fixing forward prices, and on occasions even speculation. This year, with falling values, turnover on the London Metal Exchange aluminium contract has declined slightly with outside speculators, losing interest after the heady performance of the market in 1983.

Selling by speculators, taking profits when the 1983 boom ran out of steam towards the end of the year, has undoubtedly accelerated and exaggerated the price decline, just as speculation also helped push prices excessively high last year.

Nevertheless, the Metal Exchange is more than satisfied with the success of the aluminium contract, which is now second only to the long-established copper market. Indeed, there is some surprise that aluminium has received such universal acceptance in such a short time, especially as the contract was started in the teeth of bitter opposition from producers and many other sectors of the industry.

There is also considerable private satisfaction in London that the challenge from the New York aluminium futures contract, launched by the Commodity Exchange (Comex) last December, has so far posed little threat.

When Comex announced plans to introduce the new contract, encouraged by the success of the London market, it was widely anticipated that New York would be a smash hit succes and emerge as the dominant centre. There is after all a lot more "local" speculators on Comex to provide extra liquidity and aluminium production is largely centred in North America.

Inducements

In the event, the performance of the Comex contract has been extremely disappointing. In spite of several inducements to generate business, turnover has remained poor; warehouse stocks have been slow to build up; and for the moment at least Comex is very much the junior partner to the London Metal Exchange.

There are several possible explanations for the failure of the Comex market to live up to the optimistic expectations for success. The most important is probably timing. By bad luck Comex launched its contract just when prices were going into a decline.

Speculators, in particular, do not like "bear" markets and lost interest—a crucial blow to Comex, which relies on a large speculative element to provide liquidity since it does not have the links with trade and industry so valued by the LME.

In contrast, the London market was started just at a time when the producer price system in aluminium was coming under increasing pressure from the free market competition provided by merchants. The LME market tied in neatly with the growing importance of the free market in aluminium.

However, North America has been much slower to respond to the changes in international trading patterns, and New York is more concerned with the domestic industry, which has been reluctant to accept futures prices in the same way as international traders. The LME is essentially an international market.

Indeed, Comex tailored the contract essentially to meet the requirements of the domestic U.S. market and this has tended to make it more difficult to use for the international traders, who provide the bulk of futures business. Restrictions on imports from certain Communist bloc countries into the U.S., with variable duties, also makes it difficult for Comex to act as an international market if some ingots are unacceptable or have a price differential.

Differentials

The LME has a "black box" arrangement which enables it to deal freely in any metals; the problems and price differentials only become effective when stocks are drawn out of the warehouses. Fearful that the opposition from producers would mean the market being starved of supplies, and unable to operate effectively, the LME chose to base its contract on the lowest common denominator in quality terms, which means that virtually all grades can be delivered on to the market while price differentials are set for higher quality grades.

There is a sub-market in deciding the differentials between various quality grades. Comex, on the other hand, decided to base its contract on a higher-quality specifications and this has tended to restrict supplies available for delivery into the New York warehouses.

Seeking a cushion against volatility

THE MOST controversial issue in the aluminium industry today is the metal's price.

This is hardly surprising, considering that on a given day this month, you could have chosen the Alcan world price of $1,750 per tonne at one extreme or the London Metal Exchange price of $1,020 per tonne at the other, with lots of alternatives in between.

However, the Alcan world price, which has not changed since October 1980, has become less and less important in the real world and Alcan itself said last month that it no longer endorses the price. Meanwhile, the LME price, which is highly volatile, is now a major influence on most transactions.

This means that aluminium consumers are having to contend with a new problems in running their businesses: how to cushion themselves from the effects of this volatility.

The most important attempt to address this issue so far has come from Pechiney, which has developed a formula for flattening out the peaks and valleys of market prices. But the so-called PIP (Pechiney independents' price) is itself controversial.

PIP has been adopted by 18 of the company's substantial independent customers around the world and is now gaining some acceptance as a market indicator. Metal Bulletin publishes it twice a month and the U.S. publication, American Metals Markets is considering publishing it.

The formula offers the PIP customer the oportunity to pay the equivalent of the average price paid for all Pechieny's independent customers. But in order to prevent the PIP from becoming a mere reflection of itself, only a quarter of any customer's total purchases from Pechiney can be made under the plan. The rest have to be negotiated on a regular basis.

The formula is updated at the end of each quarter by an independent auditor who has access to all Pechiney transactions for the period. However, this does not mean that the customer pays for his PIP aluminium three months in arrears. In fact, Pechiney makes an estimate of the new PIP rate just before the beginning of each quarter and bills customers accordingly. Later, when the definitive rate is calculated, a refund or further charge is made.

Thus, the formula not only flattens out slightly the peaks and troughs of the aluminium price cycle, it also delays slightly the impact of price changes.

Critics say the system's main weakness is that the imposition of a 3 to 5 per cent extra charge at the end of a quarterly period could be enough to wipe out a small fabricator's profit margin on sales already made.

Pechiney says the problem should not be that great because the formula would apply to only a quarter of the fabricator's metal purchases, at most. Also, a PIP user would notice the movement of prices on the spot market and so would be warned of the likely shape of the next adjustment.

Another potential weakness is that the formula is based on transactions made in a variety of currencies—45 per cent are in French francs, for example—and a sudden large movement in that currency would distort the result.

Pechiney requires that any customer signing up for PIP do so for at least three years so that he will live through both the good and bad parts of the aluminium price cycle.

Metal Bulletin, which prides itself on the accuracy of its metal prices (some are used as bases for long-term contracts between buyers and sellers of metals), is not entirely happy with PIP or any of the other available aluminium prices, and so has just decided to start publishing three dollar-based LME averages for aluminium.

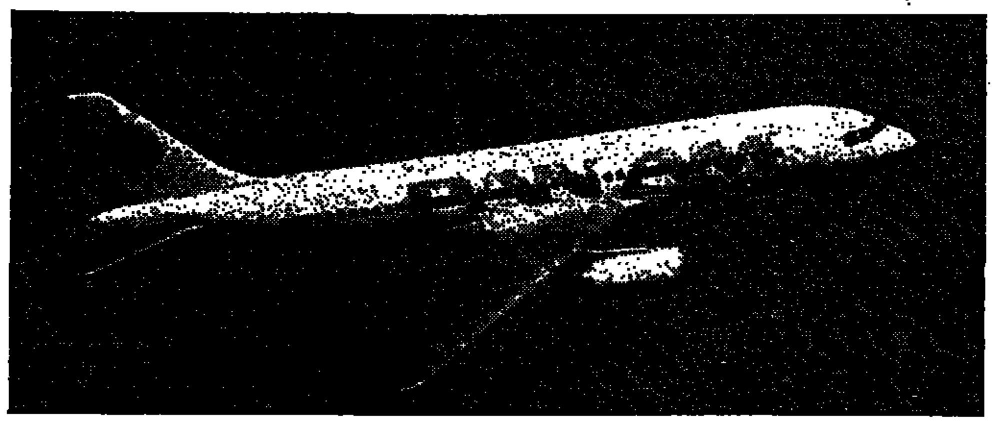
Others believe that the best solution would be for aluminium producers and consumers to learn to use the LME to hedge their purchases.

Ian Rodger

Weight-saving breakthrough

New applications

LYNTON McLAIN



The Airbus Industrie A320, which includes use of lithium alloys in its fuselage

AEROSPACE COMPANIES are studying with growing interest a remarkable new aluminium alloy called aluminium lithium. It is claimed by the aluminium company producers to be lighter and stronger than conventional aluminium alloys used for aerospace applications, but as easy to use.

The claims are such that, if they are realised in practice, the alloy could revolutionise aircraft design and construction.

In a bid to cut aircraft operating costs, especially through improved fuel efficiency attention has switched to structural weight. Composite materials such as carbon fibre have been developed and applied successfully to aircraft components, to cut their weight.

In response to the possible threat from composites to aluminium's traditional dominance in the aircraft industry, the aluminium producers have re-doubled their research efforts into the use of aluminium lithium alloys as a way of cutting weight.

A fierce commercial battle is now under way between several of the main primary producers of aluminium metal — Alcan, the Canadian company; Alcoa, of the U.S. and Pechiney of France — all of which are striving to perfect production techniques for aluminium —??? and to exploit the properties of the new alloy commercially.

Evaluation

The aim is twofold: to be first to get useful quantities of aluminium lithium ingots and billets to the aerospace companies, the biggest potential users, for experimental and evaluation purposes; and to develop a capability for the large-scale production of aluminium lithium.

Lithium itself is the third lightest element after hydrogen and helium, and the lightest metal of all with about half the density of water. However, because of its highly-volatile nature, it is extremely difficult to handle.

The use of 1 per cent of lithium in aluminum alloys gives a 3 per cent reduction in alloy weight and a 6 per cent increase in rigidity. In practical terms, the substitution of a conventional alloy by aluminium lithium can lead to a 10 per cent to 15 per cent reduction in the weight of an aircraft structure.

In aerospace, one of the most important advantages of aluminium lithium alloys is that potentially they can be substituted directly for aircraft structural components made of conventional alloys. No re-drawing of the components is necessary and the substituted component will be lighter and stronger and will take up no more room than an existing component.

Aerospace designers who want to produce components in aluminium lithium with the same strength as a conventional alloy component will be able to do so by reducing the size of the component in the new alloy. The new part will again be lighter than the conventional alloy component.

Smaller components could lead to smaller aircraft. The aerospace industry is already moving in the direction of smaller aircraft, in the military and civil sectors, and so the prospect of smaller components of equal strength with existing larger components is of considerable interest.

One of the needs for such components is created by "active control technology" (ACT), in which mechanical links to wings are replaced by electronic signals which instantaneously correct the flight of the aircraft.

British Aerospace is already evaluating aluminium lithium for its Experimental Aircraft Programme (EAP). This calls for an active control aircraft designed to test new concepts including new alloys and composite materials.

So far, the amount of the new alloy available to aerospace companies has been small compared with tonnages of aluminium metal and conventional alloys used in the industry. The new alloy has been made available largely for test and evaluation purposes.

Production scheme

The French aluminium company, Pechiney, claimed at the Farnborough Air Show in September that its subsidiary, Cegedur Pechiney, started pilot commercial production of aluminium lithium alloys that month.

The future of aluminium lithium in aerospace applications, while bright, is not yet guaranteed. The aircraft companies need to know that the alloy can be machined, drilled, bent and in general fabricated, without suffering unacceptable loss of its mechanical integrity. The aluminium companies are as yet, therefore, producing aluminium lithium only in relatively small quantities.

The first prototype semi-finished rolled products and die-forgins in aluminium lithium were produced in Cegedud's plants at Issoire, France. The company's foundry capacity is 1.2 tonnes per casting and it plans to expand this capacity to meet the needs of the aircraft industry.

Alcan International, the research company of Alcan Aluminium, is building a "design and demonstration" unit at the Alcan Plate works at Kitts Green, Birmingham, to produce cast aluminium lithium alloys. The plant is designed to produce production size Alcan "Lital" slabs and billets in aluminium lithium, initially up to 3 tonnes weight. The company claims this covers 95 per cent of the aerospace requirements for plate.

Installation work at Kitts Green is proceeding with a view to the plant's coming into operation in early 1985. The design and demonstration "melting facility" will enable Alcan to further its development programme for "Lital" production.

The unit will also enable Alcan companies to manufacture and supply production tonnages of plate, sheet, extrusions and wire in aluminium lithium alloys.

The Aluminium Company of America (Alcoa) is aiming at a similar timetable for the production of aluminium lithium alloys. The company said at Farnborough that its 'Alithalite" alloys will become available 'in limited quantities" in the first quarter of 1985, months earlier than originally planned

The earlier availability has been made possible by Alcoa's decision to invest a further \$10m to expand its \$50m development facility for Alithalite alloy ingot casting, near Pittsburg. Ingots up to 9 tonnes (20,00 pounds) exentually will be cast there, and the capacity created to supply a full range of plate, extrusion and forging product sizes in the new alloy.

The company says the development is an "interim step" to respond to its customers' "intense interest" in the new alloys. "We expect the output from our expanded facility to substantially exceed the known demand for test and evaluation materials," Alcoa says.

Busy secondary smelters erode profit margins

Scrap

DAVID S. GILBERTSON

FOR THE secondary aluminium industry 1984 has seen a fall back from the buoyant trading conditions enjoyed throughout 1983. This year prices have dropped alarmingly from the highs reached over the preceding 12 months and this despite the fact that overall levels of activity have been maintained at reasonably healthy levels.

In 1984 the scrap and secondary alloy markets have suffered from the over-enthusiastic purchasing by consumers during last year's ebullient price rises. Consumption levels this year have dropped accordingly as consumers worked off their stocks and turned increasingly to purchasing on a hand-to-mouth basis as prices turn downwards.

The problems of the business have been exacerbated by the actions of the secondary smelters, which have chosen to ignore the market's price signals and held up production levels at rates which were appropriate last year but may be rather over ambitious for this year's more stable market.

Given the nature of the secondary aluminium business, a fall-back from the price levels enjoyed in 1983 was almost inevitable; but the degree of the decline which has seen scrap and secondary alloy prices drop by some 25 per cent since the turn of the year, has surprised (and disappointed) many.

In late 1982 as the overall level of industrial activity in the major Western nations began to pick up, so too did the requirement for aluminium scrap. In particular, the improvement in the motor industry had a major impact on the fortunes of the secondary aluminium sector.

In Europe, some 65-70 per cent of aluminium die-casting goes into the motor industry. As the recession lifted and consumer spending accelerated, the beneficial effects of the greater demand for motor vehicles were swiftly felt back through the industry chain. First to the secondary smelter whose ingots are processed by the foundries for the production of die-castings, and thus to the scrap merchant who supplies the scrap from which the ingot is produced.

The effects of the improvement in demand last year were magnified by the then prevailing conditions in the aluminium market, coming as it did after two long years of recession. Stocks at all producing and merchanting sections of the production chain had rundown to a minimum and the arising of new aluminium scrap had also dropped heavily in line with the general lull in business tempo.

With adequate supply simply not available to meet the burgeoning demand, the conditions were exactly right for a substantial improvement in price levels. As industry geared up during the year, this shortage of aluminium scrap eased. But the demand to feed the gathering pace of recovery continued to run ahead of the new creation of scrap generated by that higher level of activity.

Demand for scrap within the EEC was further bolstered by substantial enquiry from both Japan and the U.S. as secondary smelters in those countries struggled to find raw material to enable them to meet their own potential demand. Figures show Japanese and U.S. secondary output in the year rose some 6 per cent on 1982.

EEC scrap merchants, keen to take advantage of the better prices on offer from overseas, shipped substantial quantities abroad. At length, following considerable lobbying pressure by Community smelters, the EEC moved late last year to block third country exports of aluminium scrap from the Community in the last quarter.

After the heady conditions of 1983, which saw scrap merchants and secondary smelters alike returning to highly profitable operation, 1984 was bound to be something a letdown. And so it has proved. The "pipeline effect" of scrap shortage at the outset of an economic turnround, had worked itself out by the first quarter of this year and the supply/demand balance in the market was quickly restored.

In addition, the precipitous collapse of primary prices this year, brought about in the main by over-enthusiastic recommissioning of capacity by the primary majors in 1983, has effectively put the cap on secondary price advances. Overall levels of demand for scrap and secondary ingot this year may have dropped back somewhat from the peaks of 1983, but overall consumption internationally is still holding up well.

But with secondary smelters in Europe seemingly determined to keep up high operating rates despite weaker prices, an action which in many cases is seriously eroding profit margins, the present reasonable levels of demand are proving insufficient to keep the industry in profit. Generation of new scrap is running well but the prices available in the market are providing no great incentive for merchants to collect and sort material.

Scrap availability in the European market is consequently currently somewhat limited and with little export demand to stimulate business, the upside price potential looks distinctly restricted. The Japanese—the salvation of the European market in 1983—have not been active buyers in Europe this year, having been apparently successful in picking up increased quantities of aluminium scrap from the Eastern bloc nations and Latin America and Australia. Without this impetus, general optimistic sentiment in the secondary business has been whittled away progressively over the course of the year.

The industry now faces the problem that scrap (with the primary sector still busily overproducing for the needs of the market) is being generated at a rate in excess of the needs of the secondary sector. Old scrap held back during the recession as consumers now replace cars and other consumer durable goods has also now picked up significantly, further weakening the supply demand equation in the market. Consequently, stocks are now relatively plentiful in the system and with the primary price for the moment showing little sign of rallying, the upside potential of secondary aluminium looks distinctly limited.

Adding to the market's problems is the continuing overcapacity of secondary smelting in Europe.

David S. Gilbertson is Non-Ferrous Editor of Metal Bulletin.

Fight to boost consumption

European image

ROBIN REEVES

THERE IS a growing recognition in the European aluminium industry that the days when it could confidently look forward to annual growth rates of between 7 and 12 per cent are over.

In today's economic climate, aluminium can no longer be expected to just sell itself. The industry must get out into the market place and actively promote the metal in competition with rival materials.

It was three years ago, faced with the worst recession since the 1930s, that the European aluminium industry as a whole began to get its act together, establishing the European Aluminium Association to represent the common interests of primary and secondary aluminium producers and fabricators of wrought aluminium products.

There were a number of problems which needed addressing at the European level. But the most striking statistic confronting the new organisation was the comparatively low level of aluminium consumption in Western Europe—only 13 kilos per head of population compared with 24 kilos in the U.S. and 20 kilos per head in Japan.

Aluminium producers are inclined to point to the privileged political position enjoyed by Europe's iron and steel industry for this wide discrepancy in consumption levels. Certainly, the aluminium industry has never received anything like the same support from European taxpayers to help it weather difficult economic times.

But an opinion survey carried out a year ago by the new association also established that the European industry's awareness of the potential benefits of using aluminium in a wide range of applications was nothing like as high as it could have been.

Further, it is the case that Europe's overall consumption figure masks significant differences between the levels of aluminium use in individual European countries. Per capita consumption in West Germany, for example, at 19 kilos per head, is not very far below that of the U.S. and Japan. But in France, consumption is only 12 kilos per head while in the UK it is 9 kilos per head.

Last July, the European Association launched an "Aluminium for Europe" campaign aimed at spreading the aluminium message to users and potential users in 14 European countries inside and outside the EEC.

Besides identifying the present and potential range of applications in industries as diverse as engineering, building, packaging and transport, the campaign is also emphasising the security of raw material supply (known world bauxite reserves are being mined at the rate of only half a per cent a year), and the metal's energy-saving and recycling potential.

Aluminium producers see particular scope for growth in the transport industries. The aircraft industry already uses aluminium in some 70 per cent of its components and the development of new lithium aluminium alloys, giving an even more advantageous strength-to-weight ratio, promises to ensure that the metal keeps abreast of competition from rival materials such as carbon fibre and high-temperature plastics.

But other forms of transport, and notably the motor industry, have not so far embraced the metal as enthusiastically as they might. In seeking to persuade vehicle manufacturers to incorporate more aluminium in their designs, the aluminium industry accepts that the initial cost of its components will be higher than those of steel, because of the additional energy required to produce aluminium. But it is stressing that over the life span of a vehicle, aluminium's lighter weight means that this higher cost will be repaid several times over in lower running costs, longer shelf life, and easy maintenance and handling.

Further, it is pointing out that at the end of a vehicle's life, the resulting scrap will have a far higher value.

At present, about one-quarter of Europe's aluminium demand of 4m tonnes a year is met from recycled metal. It is a valuable resource since it requires only 5 per cent of the energy required to produce primary aluminium to convert it back into useable metal. Production of secondary aluminium in Europe moreover is growing —up by 30 per cent over the past 10 years.

And whereas scrap aluminium was once considered fit only for rough castings, techniques have improved and it is now being used by the extrusions industry.

But Europe still has a long way to go to develop the sophisticated aluminium recycling infrastructure to be found in the U.S. Whereas the American beverage industry has gone over almost exclusively to aluminium cans—enabling brewers and soft drink manufacturers to operate profitable recycling schemes in conjunction with leading producers—in Europe the competition from rival packaging materials has been such that aluminium has never succeeded in penetrating more than 50 per cent of any one market. This has not been conducive to a viable "cash a can" schemes.

The picture could change. The Swedish Government has just signed an agreement with its local aluminium producer aimed at achieving 75 per cent recycling within the next four years and a similar move is afoot in Austria.

In the UK, following Alcoa's decision to withdraw from can body stock and wind up its cash-a-can recycling effort, the industry has got together to establish the Metal Recycling Company which, as a first step, intends to introduce "reverse" vending machines (which accept empties and pay out money for them) in a number of supermarkets in the Birmingham area on an experimental basis.

Lurking in the background is the European Commission which, five years ago, published a draft directive aimed at banning all non-returnable beer, beverage and liquid containers as an environment improvement measure.

The proposal ran into a great deal of opposition and has since been watered down

Stocks cut to achieve 'normal' prices

PROFILE

V.A.W.

PETER BRUCE

LIKE MOST of its European counterparts, West Germany's major aluminium producer, Vereinigte Aluminium-Werke (VAW), ploughed on through the two lean years to the end of 1982 with only marginal cuts in output and a dramatic build-up in stocks.

In 1982, VAW's production of primary aluminium, at 352,000 tons, outstripped total sales, by some 23,000 tons.

If the LME price is any guide to the state of the industry, aluminium is once again floundering in something of a trough. This time though, like most Western producers, VAW is achieving better prices than those the LME trades at, the West Germans are ready.

"It's quite simple," says Dr Hansgeorg Seebauer, an executive board member. "What we are doing now is cutting back on production."

"We went into the last upswing with very high stocks. Now we know better." The group's present stock levels, he says, are "barely workable." "We now believe that the only way to get back to a normal (price) situation is to bring stock levels back to a normal level."

With only thinly-disguised irritation at the lower (LME-tied) prices at which many new producers, mainly in developing countries, have to sell, Dr Seebauer insists that if the other major Western producers do not lower production in order to pump up prices, VAW would still be able to manage on its own.

He is probably right. The first, and least important, reason being that VAW is ultimately owned by the state. The group is a subsidiary of the state energy, chemicals and aluminium holding company Vereinigte Industrie-Unternehmungen (VIAG). Profits from VIAG's other interests have played a part in absorbing VAW losses in the past.

Probably more important is the fact that VAW's four wholly-owned smelters in West Germany (theoretically capable of producing 370,000 tons of primary aluminium a year), plus its one third stake in Hamburger Aluminium's smelter, produce mainly for the group's own downstream finishing plants.

VAW and VAW Lightmetals merged formally at the beginning of 1983, giving a total group capability from primary metal to strip, rod, cable, flexible packaging, extrusions, forgings and alumina-based products, including ceramics. The group also has small alumina interests in Guinea, West Africa.

This level of integration within the group, and close relations with other traditional customers in the country, including the powerful motor industry, should allow VAW to regulate its response to the downturn far more easily than if it were operating, for instance, in an over-competitive export market.

The group is currently cutting back production by 10 per cent. Whether capacity that is cut in the present squeeze will be reopened later is unclear. Plans have already been announced to cut some 15,000 tons at the ageing Lipperwerk smelter in Lünen, which could effectively close it down.

Nevertheless, Dr Seebauer claims VAW is expecting "its best year ever" in 1984, though largely because of the strong performance in the first half. Output of primary metal in the first six months of this year was 200,700 tons, some 12 per cent higher than the same time last year.

Last year's operating profit of DM 19.5m ($6.3m) coming after a loss of more than DM 24m in 1982 must have been relief enough for executives and the group's 10,000 employees.

If Dr Seebauer's belief that the first quarter of next year could see the start of a new recovery—and it seems likely VAW will begin to build up some stock towards the end of this year—proves true, it might be read as evidence that the industry, or parts of it, is gradually beginning to read its market correctly once again.